Daily Report

Latin America

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CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

Official Rejects Appeal on Castro Rule *[Bonaire Radio]* 1
Foreign Ministry Condemns U.S. Threats on Libya *[Havana Radio]* 1
Havana Notes U.S. Trade Dispute With EEC *[Havana TV]* 1
Frontline States Praise Cuban-Angolan Troops *[Havana TV]* 1
Havana Notes Formation of UN Group to Angola *[Havana Radio]* 1
10 Countries To Participate *[Havana Radio]* 1
CSSR Envoy Comments on Bilateral Relations *[Havana TV]* 2
GDR Group Arrives for Anniversary Festivities *[Havana Radio]* 2
Australia, New Zealand Contingent Arrives *[Havana Radio]* 2
Finnish Parliamentarians Meet ANPP Official *[Havana TV]* 2
Municipal Assembly Delegates Elections 30 April *[Havana Radio]* 2

Grenada

Opposition Party Demands Blaize's Resignation *[CANA]* 3

Jamaica

World Bank Approves $30 Million Emergency Loan *[Bonaire Radio]* 3

CENTRAL AMERICA

Costa Rica

Government Converts $120 Million of Foreign Debt *[LA NACION 18 Dec]* 4
Commission Investigating Drug Trafficking Meets *[San Jose Radio]* 4

El Salvador

Duarte Condemns Terrorism, Encourages Democracy *[San Salvador TV]* 4
Commander of FMLN's Joint Command Interviewed *[Radio Venceremos]* 5
FMLN Airs Radio Reports on 27 Dec Battles *[Radio Venceremos]* 7

Honduras

Economic Advisor on 89 Budget, Economic 'Crisis' *[TIEMPO 26 Dec]* 7

Nicaragua

Borge on Relations With Bush Administration *[Managua Radio]* 8
Democratic Center Coalition To Deliver Proposal *[Managua Radio]* 8
H. Ortega on Reported Contra Peace Proposal *[Managua Radio]* 9

Panama

Noriega Speaks on Costa Rican Border Incidents *[ACAN]* 9
Alleged U.S., PCC Labor Law Violations *[LA REPUBLICA 27 Dec]* 10

Civic Crusade Leader on Elections, Prisoners *[Panama City TV]* 11
Archbishop McGrath Comments *[Panama City TV]* 11
PDC Leader Named ADO's Presidential Nominee *[MEDIODIA 27 Dec]* 12
Japan Gives Humanitarian Aid After Hurricane *[MATUTINO 22 Dec]* 12
Colon Free Zone Trade Activity Statistics *[LA ESTRELLA DE PANAMA 28 Dec]* 12

SOUTH AMERICA

Argentina

Bomb Damages PCA Headquarters; 4 Injured *[TELAM]* 13
Deputy Chief of Joint Staff Installed *[TELAM]* 13
Gassino Swears in IV Army Corps Commander *[TELAM]* 13
* Economists View Foreign Debt Payment Proposals *[LA PRENSA 24 Nov]* 13
* Pharmaceutical Patent Legislation Urged *[CLARIN 13 Nov]* 14
* Fishing Industry 'Unexploited Resource' *[CLARIN 11 Nov]* 15
* Oil Royalties to Provinces Reduced 70 Percent *[CLARIN 15 Nov]* 17

Bolivia

* Palenque on Presidential Candidacy, VR-9 Accord 18
* First Press Conference *[LOS TIEMPOS 1 Dec]* 18
* Accord With VR-9 Denied *[EL MUNDO 24 Nov]* 18
* VR-9's Serrate Views Center-Left Consolidation *[HOY 26 Nov]* 19
IDB Disburses $112.9 Million During 1988 *[La Paz Radio]* 20
* $186 Million Allocated for Oil Exploration *[EL MUNDO 1 Dec]* 20

Chile

Communist Banned From Meeting With Coalition *[Santiago TV]* 21
Opposition Cancels Meeting *[Santiago Radio]* 21
Radical Party Headquarters in Santiago Attacked *[LA TERCERA DE LA HORA 22 Dec]* 22
Police Arrest 'Lautaro' Youth Movement Members *[EL MERCURIO 18 Dec]* 22
Bomb Damages Bridge; 3 Soldiers Wounded *[EL MERCURIO 19 Dec]* 23
New Navy Fleet Commander Assumes Post *[EL MERCURIO 21 Dec]* 23
New Army Judge Advocate General Appointed *[Santiago Radio]* 23
* PCCh Spokesman on Electoral Strategy, Violence *[CAUCE 14 Nov]* 23

Colombia

M-19 Announces Summit; Seeks 'Direct Dialogue' *[LA PRENSA 19 Dec]* 25
Officials Comment on Clashes With M-19 *[Bogota TV]* 26
* Reporter Describes Visit to M-19 Camp *[EL TIEMPO 3 Dec]* 26

Ecuador

Finance Minister Presents 1989 Budget to Borja *[Quito Radio]* 28
5 Army Officers Promoted to Brigadier General *[EL COMERCIO 21 Dec]* 28

Suriname

Brunswijk Attacks Albina Barracks, Military Post *[Paramaribo International]* 28
Scattered Fighting Reported *[Bonaire Radio]* 28
Armed Men Hijack Plane in Sipaliwini *[Paramaribo International]* 28
Military Police Detain Netherlands Charge *[Bonaire Radio]* 29
'Bridge-Over' Aid From Netherlands Planned *[Paramaribo International]* 29
Case Against Human Rights Activist Dropped *[Bonaire Radio]* 29

Cuba

Official Rejects Appeal on Castro Rule

FL2812134988 Bonaire Trans World Radio in English 1130 GMT 28 Dec 88

[Text] A top Cuban official has rejected an appeal that his country hold a plebiscite on the rule of President Fidel Castro. The appeal came in an open letter published yesterday by a group of international artists.

The letter suggests that such a vote should be held under internatio. supervision, and that it should coincide with the release of all political prisoners and the legalization of human rights committees. Among the 163 signatures of the letter are the names of writers, poets, and artists from the United States, Europe, and Latin America.

Foreign Ministry Condemns U.S. Threats on Libya

FL2912130488 Havana Radio Progreso Network in Spanish 1200 GMT 29 Dec 88

[Text] Cuba has expressed its most energetic condemnation of new U.S. threats of attacks on Libya. A Foreign Ministry statement indicates that such acts are a reminder of the worst times of President Ronald Reagan's warmongering and aggressive policy. The document reiterates Cuba's fraternal solidarity with the brother Libyan people and Government during the new imperialist threat.

Recently, Ronald Reagan threatened to bomb a Libyan factory installation with the pretext that chemical weapons were allegedly being produced there.

Havana Notes U.S. Trade Dispute With EEC

FL2812200588 Havana Tele-Rebelde Network in Spanish 1800 GMT 28 Dec 88

[Text] Among the international news, we have a report that the EEC member countries are about to face the first large trade dispute among developed capitalist countries due to beef trade. The EEC has decided to suspend the importation of U.S. beef as of next Monday [2 January]; while Washington has threatened to increase duties by 100 percent on EEC agricultural and cattle products amounting to $100 million. The European governments say that U.S. beef contains growth-hormones which are dangerous for human consumption. Washington's (?retaliation) will result in losses for cattle-raisers of the [word indisinct] amounting to $450 million. According to some analysts, this economic clash could have repercussions to the political-military alliance which both parties maintain through NATO. This U.S.-Western European [words indistinct] the recent round of the General Agreement on Tarriffs and Trade, GATT, held in Montevideo, Uruguay.

Frontline States Praise Cuban-Angolan Troops

FL2812152788 Havana Tele-Rebelde Network in Spanish 1200 GMT 28 Dec 88

[Text] Statesmen of the six Frontline States praised the Cuban-Angolan forces for their victories in southern Angola who, they believe, forced South Africa to negotiate. The leaders of Angola, Botswana, Mozambique, Tanzania, Zambia, and Zimbabwe, as well as leaders of the South-West African People's Organization and the African National Congress, urged South Africa to respect the tripartite peace agreement signed last 22 December at the United Nations.

A communique issued at the conclusion of the Frontline States' summit also expresses the need for the United States to halt its support to the armed UNITA [National Union for the Total Independence of Angola] bands so that the process of reconciliation in Angola can continue within the guidelines set by the people and government of that country.

Havana Notes Formation of UN Group to Angola

FL2812143288 Havana Radio Progreso Network in Spanish 1200 GMT 28 Dec 88

[Text] Brazilian General Pericles Fereira, age 55, will head the group of UN military observers in Angola. The mission will consist of 70 unarmed military personnel and 20 civilians who will verify the withdrawal of the Cuban internationalist troops from Angola, as requested by the two countries.

10 Countries To Participate

FL2812212288 Havana Radio Reloj Network in Spanish 2102 GMT 28 Dec 88

[Text] UN Secretary General Javier Perez de Cuellar has said that a total of 10 countries will comprise the UN observation mission in Angola. In a letter sent to the Security Council, Perez de Cuellar said that after consulting with several representatives, the Governments of Algeria, Argentina, Brazil, the Congo, CSSR, Spain, India, Jordan, Norway, and Yugoslavia have agreed to be part of the UN observation group.

The verification mission was created as a gesture of good will on the part of Cuba and Angola so that the world organization can monitor the withdrawal of Cuban internationalist troops from Angolan territory in accordance with a bilateral timetable signed between these two nations.

Cuba, Angola, and South Africa had previously signed a tripartite agreement that provides for Namibia's independence and guarantees Angola's territorial integrity and sovereignty from Pretoria.

CSSR Envoy Comments on Bilateral Relations

FL2812192588 Havana Tele-Rebelde Network in Spanish 1800 GMT 28 Dec 88

[Text] The CSSR ambassador to Cuba gave a press conference at the Czechoslovak House of Culture in Havana; he spoke about the relations between our two countries.

[Begin Stanislav Svoboda recording, in Spanish, identified by caption] From the triumph of the revolution, the CSSR has firmly placed itself at the side of the Cuban people and extended its solidary hand.

In 1960, the CSSR and Cuba signed the first political and trade agreements of importance, as well as the first cultural agreement which [words indistinct]. In May 1962, this Czechoslovak House of Culture was inaugurated along with the inauguration of the Cuban House of Culture in Prague in 1963. This signified a tightening of the bonds of friendship which brought closer together the Czechoslovak and Cuban people. [end recording]

He explained how this trade exchange has increased which will reach 300 million rubles, and he spoke of the areas where we have the greatest cooperation, such as energy.

He also conveyed New Year's greetings on behalf of the Czechoslovak community in Cuba and congratulations on the 30th anniversary of the revolution.

GDR Group Arrives for Anniversary Festivities

FL2912024688 Havana Radio Rebelde Network in Spanish 0056 GMT 29 Dec 88

[Text] Friends, a last minute report has come in from our National Division.

Horst Sindermann, member of the Politburo of the Socialist Unity Party of Germany and president of the People's Chamber of the GDR, arrived moments ago in Havana. He was received by Carlos Rafael Rodriguez, member of the PCC Politburo and vice president of the Cuban Councils of State and Ministers.

Sindermann heads his party's delegation which will attend the festivities marking the 30th anniversary of the triumph of the Cuban revolution.

Australia, New Zealand Contingent Arrives

FL2912035588 Havana Radio Reloj Network in Spanish 0240 GMT 29 Dec 88

[Text] At the invitation of the Cuban Friendship with the People's Institute, the Sixth Contingent of the Southern Cross Brigade has arrived in our country. The contingent is made up of some 70 members from Australia and New Zealand.

The organization is composed of students, doctors, retired persons, and people representing various political parties and religious beliefs. The members are united by their interest in knowing and helping the Cuban revolution.

The Southern Cross Brigade will work for 15 days in (Ceiba's) Citrus Plan and in the building of family doctor clinics in the Havana's Caimito Municipality. They will also attend a series of conferences on the revolution's development.

This brigade has been sending groups to our country since 1984 as part of their solidarity with the Cuban revolution. There are presently 10 friendship with Cuba associations in Australia and 3 in New Zealand.

Finnish Parliamentarians Meet ANPP Official

FL2812032588 Havana Television Service in Spanish 0100 GMT 28 Dec 88

[Text] A delegation comprised of representatives from the different parties that make up the Finland-Cuba Friendship Group in the Finnish Parliament are in our country on a working visit. They were invited by the National Assembly of the People's Government [ANPP].

The delegation, headed by Deputy Arvo Kemppainen, member of the Finnish Communist Party's Politburo, met this afternoon with Vice Foreign Trade Minister Alberto Betancourt Roa.

The Cuban official talked with the visitors about the trade relations between the two countries. He referred to our country's policy to reduce imports from areas of convertible currencies. He also talked about the possibilities for a 2 to 2.5 percent growth in the economy in the coming year, foreseen in the development plan.

This morning, the delegation of Finnish parliamentarians was received at the headquarters of the ANPP by its acting president, Severo Aguirre del Cristo.

Municipal Assembly Delegates Elections 30 April

FL2412154288 Havana Radio Progreso Network in Spanish 1200 GMT 24 Dec 88

[Text] The Council of State has agreed to hold the election of delegates to the municipal assemblies of the people's government on 30 April. The delegates will be elected for a term of 2 and ½ years.

A second round of elections will be held on 7 May in those districts where none of the candidates obtains more than half of the valid votes cast.

The Council of State also agreed to appoint the National Electoral Commission, which will be presided over by Jose Ramon Machado Ventura. (Joaquin Bernal Camero) was appointed deputy chairman of the commission. Ernesto R. Suarez Mendez was appointed secretary.

The National Electoral Commission will have nine members and four alternates.

Grenada

Opposition Party Demands Blaize's Resignation

FL2812191388 Bridgetown CANA in English 1641 GMT 27 Dec 88

[Text] St George's, Grenada, Dec 27, CANA—The small leftwing opposition party here, the Maurice Bishop Patriotic Movement (MBPM), has called on Grenadians to demand the immediate resignation of ailing 70-year old Prime Minister Herbert Blaize. According to INDIES TIMES, the organ of the MBPM, Blaize is far too sick and weak to lead the island.

Since taking office in 1984, the Grenadian leader has been forced to make frequent trips to the Walter Reed Army Hospital in Washington for treatment of a prostate gland disorder. He was rushed to the U.S. about two weeks ago after collapsing at home from an "abdominal disorder". Blaize returned home last Friday and is known to be still ailing.

According to the MBPM, in the past four years Blaize's health has worsened progressively, forcing him to use a walking stick and a wheelchair. "Blaize has been unable to work seriously and can only give no more than two hours a day to his duties," it said. "The fact is that the task of leading the country is too...monumental...for Blaize and he must be therefore forced to step down," the MBPM declared.

The MBPM is an off-shoot of the New Jewel Movement (NJM), which ruled Grenada for nearly five years before it was toppled in a 1983 U.S.-led invasion.

The party's organ charged that the United States was trying to keep Blaize in office despite his poor health. It described the Grenadian leader as a "trump card" in the interest of both the "Yankees" and the New national Party (NNP) government.

As such, it said they would want to keep Blaize alive and in office "to prolong the inevitable end of the NNP". However, the MBPM said, while both of them fight to defend their interests the entire nation continues to suffer because of Blaize's ill-health.

Blaize's government is mandated under the Grenada Constitution to call general elections not later than March 1990.

Jamaica

World Bank Approves $30 Million Emergency Loan

FL2912142588 Bonaire Trans World Radio in English 1130 GMT 29 Dec 88

[Text] The World Bank has approved a $30 million emergency loan to Jamaica. The money will go to help rebuild after Hurricane Gilbert. The bank's spokesman, (William Branagan), says much of the money will be used to finance imports into Jamaica. He described the losses caused by the hurricane. Fifty percent of the houses were affected in one way or another, 30,000 completely destroyed. The economy was hard hit as several crops; banana, coconut, coffee, cocoa, and poultry were severely damaged or wiped out all together.

Costa Rica

Government Converts $120 Million of Foreign Debt

PA2512135088 San Jose LA NACION in Spanish 18 Dec 88 p 6-A

[Text] According to Finance Minister Fernando Naranjo, Costa Rica has converted $120 million of its foreign debt into 8.4 billion colons (at a rate of exchange estimated at 70 colones).

Naranjo added that although the conversion program has helped reduce Costa Rica's debt and has yielded positive results in other countries, it has resulted in an inflationary increase.

He explained that the government resorted to bonds issued by the Central Bank to pay 2 billion colones in interest this year.

Generally, the conversion program entails substituting documents representing the foreign debt (issued by the debtor countries) for capital stock from private or public companies operating in the debtor nation.

Preference is mainly given to companies generating foreign exchange that attract investments, engage in exporting, develop environmental conservation programs, or promote social projects, such as construction and housing projects.

This plan, however, has not been implemented for the past 2 years because of the pressure it exerts on public finances. According to economic sources, the Monetary Stabilization Bonds [Bonos de Estabilizacion Monetaria] (BEM)—issued by the Central Bank to substitute for the creditor countries' documents—are paid in colones when they expire. The sources argue that this is an inconvenience because it entails issuing great amounts of money.

According to the Economic and Financial Consultants company [Consultores Economicos y Financieros, S.A.] (CEFSA), the issuing institution receives many offers to carry out foreign debt conversion projects.

CEFSA employee Miguel Loria said 8.76 billion colones in BEM's have been placed this year through the exchange of capital inflow certificates and through the conversion of the foreign debt.

Although foreign debt conversion has been discontinued, exceptions have been made when friendly nations have offered Costa Rica aid in the areas of forestry and exporting.

Commission Investigating Drug Trafficking Meets

PA2312032288 San Jose Radio Reloj in Spanish 0100 GMT 21 Dec 88

[Text] The commission in charge of investigating drug trafficking and money laundering met this morning to receive some members of the court and officials from the Third Investigative Court who wanted to add new information to the commission's first report.

The identities of those interviewed and their statements were kept confidential.

Legislator (Luis Pisman) said the information they provided would support the resolutions adopted by the commission.

Meanwhile, Commission President Alberto Lizano said that he had received general information and admitted that one of the magistrates already questioned in the commission's report to the Legislative Assembly was mentioned.

It was learned at the Legislative Assembly that those who appeared before the drug trafficking commission were a judge, a clerk, and a secretary from one of the courts. The commission heard that a magistrate mentioned in the commission's first report, who continues in his post, exerted unlawful pressure in at least one legal case.

Members of the commission would not give any further details on the session. However, they said the information would support the recommendations made in the commission's first report.

Commission President Lizano said that none of the cases being investigated by the commission would be closed until the commission presented its final report to the plenary session of the Legislative Assembly.

El Salvador

Duarte Condemns Terrorism, Encourages Democracy

PA2912053388 San Salvador Canal Doce Television in Spanish 0308 GMT 29 Dec 88

[Report on statements by President Jose Napolean Duarte at the Comalapa International Airport in San Salvador upon his return from medical treatment in the United States on 28 December; passages within quotation marks recorded]

[Text] [Announcer] Salvadoran President Jose Napoleon Duarte returned to the country this afternoon on board a commercial flight. President Duarte returned to the country from Walter Reed Military Hospital in Washington, D.C., where he underwent 2 days of medical checkups related to the chemotherapy treatments he has received. President Duarte said that the checkups showed that he is doing fine.

In reviewing 1988, President Duarte said that the past 12 months have been difficult for the country because of natural disasters as well as violence. However, he said that progress had been made in the political field:

[Duarte] "We continue to believe that political openings must be encouraged so that all sectors of the country can express themselves. My government has made a great effort, and this year several persons who had not been allowed to return to the country in the past have now returned. I am referring to members of the FDR and even the FMLN, as in the case of Aguinada Carranza [Mario Aguinada Carranza, member of the FMLN-FDR politicai-diplomatic commission]. They have been given the opportunity to express themselves. This has been the year of freedom of communication. Since I assumed office, and especially now, there has been total freedom of expression for the people to hear the different viewpoints.

"This has been a year to prepare for the election of our next president. I believe I have completed the goals of the first phase of the democratic process. The next president will have to continue this work. He will have to continue making the necessary changes so that democracy in the country will be strengthened. In this manner, we will advance in this process. I believe that these have been years of struggle, very difficult years, years during which we have been tested, years during which on a daily basis we have tried to advance democracy. I think that the Salvadoran people are aware that we have made progress. Despite all of our problems, we have made progress in the social and political fields. We have survived."

[Announcer] President Duarte also spoke of the recent appearance of a self-styled organization named ARDE [Revolutionary Anticommunist Extermination Action] and said that it is frightening to live among those who believe in violence, both those of the left and right wing:

[Duarte] "There are both right-wing and left-wing terrorists who believe in violence and turn to terrorism and guerrilla warfare. I just read in the newspaper that an organization had appeared stating that for every car bomb that exploded they would explode another. It does not seem possible that the Salvadoran people do not understand what is happening. This is a phenomenon that has been prepared and directly designed for the upcoming elections—for the elections to be held amid terrorism; for all their actions to be acts of terrorism. The path we should take should be a different one. We should be saying no to violence—no to the violence of the leftist terrorist and no to the violence of the rightist terrorist."

[Announcer] Regarding the recent removal of the Salvadoran attorney general, President Duarte said that this type of move creates conditions that perpetuate the climate of violence:

[Duarte] "If one side creates terrorist institutions and the other side destroys the possibility of investigating criminal actions, then we are creating the conditions for violence. I think that the Salvadoran people should be aware of this and not allow themselves to be fooled. I feel that the solution for peace is in the hands of the people. This is what I want. This is what I hope for, and I am asking the people to stop and think—to stand up and say that the problem will not be solved with violence. [Words indistinct] of the phenomenon being created precisely to destroy the possibility of finding a solution based on nonviolence. The terrorists want to create the conditions so that everything will operate on the basis of violence and death."

[Announcer] President Duarte was met at the airport by family members and friends. He said that following the Central American presidential summit, a medical meeting will be held to determine whether he will continue to receive his treatments at the Walter Reed Hospital in Washington, or whether he will continue in San Salvador.

Commander of FMLN's Joint Command Interviewed

PA2912030988 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 28 Dec 88

[Interview with Commander Juan Ramon Medrano, member of the FMLN Joint Command of the Francisco Sanchez Northeastern Front by unidentified reporter; date and place not given—recorded]

[Text] [Reporter] Commander Juan Ramon Medrano, in the past few hours, more than 20 mayors have publicly resigned. Some resigned because of FMLN threats and others because of a political crisis that has weakened the political structure of the regime's local governments. What is your view of the wave of mayoral resignations in the past few hours?

[Medrano] There are two main reasons. The main reason is the Armed Forces' failure to safeguard the administration of the state and the other reason is the current government's lack of credibility in large sections of society.

As for the first reason, given that the Armed Forces have failed to prevent attacks [5 second break in reception] prevent the FMLN from entering cities and striking strategic, economic, and military targets, it is clear why mayors' offices in various places have become easy FMLN targets. Therefore, the mayors, municipal councils, and local authorities in general, are not only very weak, but they are not protected by the Armed Forces.

The other reason, which is less dominant but not less important, is that large numbers of people have no confidence in the current counterinsurgency policy. The people do not believe in the PDC [Christian Democratic Party], ARENA [Nationalist Republican Alliance], or the elections. [Words indistinct] ever more serious national crisis.

The proof is that, first, there is no difference between ARENA and the PDC in ideology or in economic and political programs. Both are talking about the reprivatization of the economy—in other words, further concentrating power in the hands of oligarchical minorities. This, in turn, would intensify the [words indistinct] concentration of wealth in very few hands and increase destitution for the majority of the people.

Therefore, neither the PDC nor the ARENA program offers a solution. We cannot say that the solution lies in changes through [words indistinct] and other means, such as the coup d'etat in 1979, which is another option open to the United States and dominant sectors to bring about social unrest in the country.

We said that [words indistinct] and the problem does not lie in switching parties from ARENA to PDC; the problem lies in resolving the root causes of the war and the national conflict. This approach has gained much national support. Now even sections of the Army, local government, and mayors, are taking part in this national debate. The awareness that those parties' policies are not the solution is also a factor prompting many mayors to resign. They have resigned not only because of FMLN threats, but because they are not willing to risk their lives for policies that will not resolve the national crisis—policies which (?are part of the crisis).

[Reporter] Commander Medrano, an organization calling itself ARDE [Revolutionary Extermination Anticommunist Action] has recently appeared and is threatening acts against labor and political leaders should mayors continue to resign because of alleged FMLN threats. What is your opinion on this?

[Medrano] The emergence of these phantom organizations or death squads is nothing more than a reflection of the great deterioration of power in government circles. The Armed Forces and the government are called on to resolve the conflict. To resolve it, they must get to the heart of the problem; in other words, attack the roots of the problem.

However in this case, they are continuing with their plans to destroy the popular movement—plans to stop the growing insurrection of the people through massacres. This actually contributes to the collapse of the entire government.

[Reporter] [Defense Minister] Vides Casanova said that the Armed Forces will occupy the university. Duarte recently said that there are those who want to solve the conflict with 200,000 dead including [words indistinct] the guerrillas.

[Medrano] Therefore, Duarte knows who wants to impose this kind of solution. Vides Casanova has made a similar statement. We wish to state clearly that none of these groups exist outside the Armed Forces or ruling circles; they have chosen this path and we are sure that any massacre attempt or stepped-up repression will bring about an intensification of the people's struggle and their organization.

If Vides Casanova occupies the university, he will face hundreds of men in arms. If they try to massacre our people, they will accelerate the process by which thousands of laborers, peasants, and other groups will take up arms to topple this regime.

Therefore, the threats, the emergence of the death squads, these right-wing phantom organizations, and more repression will intensify the masses' spirit of rebellion. These acts will convince the people of the need to defend themselves with all their means, particularly with weapons.

[Reporter] Commander, several of the mayors who have already resigned have publicly asked the FMLN whether they can continue to live peacefully with their families in the towns where they usually reside.

[Medrano] On this question we state clearly that the local leaders and officials in the mayors' offices are part of the counterinsurgency program. The mayors know well that in 8 years of war, which has claimed more than (?80,000) deaths, the mayors' offices have played a [word indistinct] role in that counterinsurgency plan by establishing support bases for civil defense plans—plans to destroy the popular movement—or by simply working on the political side of the Armed Forces' repression.

First, we must say that mayors are instruments of the United States' and the Armed Forces' war strategy. Second, it is false that mayors were elected by popular vote. The elections have traditionally been a mechanism to impose the kind of government that the hegemonical segments of the Armed Forces and the United States want in connivance with the minority ruling circles of the country.

Therefore, it is false that truly popular candidates have taken part in the elections. It is false that mayors have always been the kind of candidates that the people would like to elect. The mayors and the elections to select various officials have traditionally been the [words indistinct] of the dominant class to install its own servants or officials.

In these cases, the resignation of mayors also implies their refusal to partake in the counterinsurgency by not being part of the repression against the people. They will only be able to participate as genuine servants of the community again in future elections when we have truly free elections, but not in this rigged election, which not even the political parties themselves believe in.

Therefore, mayors and other officials are enemies of the people as long as they are part of the counterinsurgency plan. To the extent that they resign to their posts and refuse to participate in that plan, they become common citizens and thus, may carry on a normal life if they so desire.

[Reporter] In conclusion, Commander Medrano, why is the FMLN's strategy aimed at the political leadership, at the regime's political structure?

[Medrano] We have said that the current plan is a war plan. Political officials at all levels, those in municipal councils, electoral boards, and all those who are part of the political apparatus are nothing more than the [words indistinct] the real warmongering and repressive strategy against the people.

Therefore, while trying to defeat this plan, defeat this terrorist policy, and defeat the idea of resolving the national crisis through repression and bloodshed, we will continue to seek a solution involving a broad section of society, in which the majority of people can participate. This is why we believe that there is already a different political and social correlation of forces. There is a majority opinion. All social groups are determined to resolve the conflict.

In other words, the solution to the conflict in this country does not involve the defeat of the FMLN and the crushing of popular discontent. A solution involves gathering all social groups—democratic sections of the Army, progressive businessmen, democratic institutions, and popular and revolutionary forces—to seek a new constitution under which all are represented in a democratic and popular government, a government of broad national participation, a government looking after the interests of the people and fighting the worst social evils. This is the only way to guarantee genuine peace and stability in the country on the basis of [words indistinct].

FMLN Airs Radio Reports on 27 Dec Battles

PA2812215888 [Editorial Report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 28 December broadcasts a report on the FMLN's military actions. The report begins: "This is a military bulletin from the Cinquera sector in the Modesto Ramirez Central Front. At 0730 on 27 December, FMLN guerrillas ambushed a truck carrying 15 policemen on the highway between Ilobasco and San Rafael Cedros. The action took place at kilometer 51 near the Aguas Zarcas canton, Cabanas Department. Three powerful mines were detonated under the truck. The enemy sustained 12 casualties, and the truck was totally destroyed. The enemy erected two roadblocks on the highway to evacuate the wounded."

The report added: "Also on 27 December, guerrillas raided the outskirts of Chalatenango and damaged a microwave antenna. In addition, rebels raided the Fatima neighborhood where they distributed propaganda to the people. Our men then left without any trouble."

Honduras

Economic Advisor on 89 Budget, Economic 'Crisis'

PA2912000988 San Pedro Sula TIEMPO in Spanish 26 Dec 88 p 8

[Excerpts] Tegucigalpa—Gustavo Alfaro, the National Congress' economic adviser, has reported that a multimillion-dollar fiscal deficit was approved as part of the nation's 1989 budget, excluding certain securities that the government placed in escrow. [passage omitted]

Alfaro, a former economy minister, said that the unfinanced fiscal deficit included in the 1989 budget exceeds 300 million lempiras, due partly to certain securities that the current administration has placed in escrow.

According to Alfaro, there are four key problems in the Honduran economic crisis: the fiscal deficit, the balance of payments, unemployment, and a lack of public and private investment.

He added that after studying ways to reduce public spending, he concluded that it is difficult to do so by reducing fixed government expenses.

Alfaro said that "32 percent of the government's fixed expenses go to salaries, 31 percent to the public debt, 15 percent to Honduras' National Autonomous University, and over 6 percent to other government agencies for a total of 85.4 percent. It is very difficult to reduce these expenses."

In addition, he noted that 14.6 percent of the budget is used for investment and operational expenses. He added that a small reduction could be made in the operational expenses but not to an extent that would paralyze public administration.

Regarding the balance of payments, Alfaro said that although it is true that coffee prices have gone up in recent months, this does not benefit local production, which requires a high level of imports. Consequently, there is always a need for dollars for imports, and fewer dollars are being generated from exports. [passage omitted]

Furthermore, Alfaro said that there are only two options to reduce the fiscal deficit: a reduction in fixed expenses and an increase in fiscal revenues.

He explained: "Courageous decisions must be made to reduce fixed expenses; however, I have always felt that this is hard to do. In the meantime, there are two ways to increase fiscal revenues: the creation of new taxes or the

collection of current revenues through strong measures to eradicate contraband, or the elimination of tax fraud and the lack of payment of existing obligations by certain contributors."

In conclusion, Alfaro stressed that a 10-percent cut in current expenses promoted by the executive branch, through a special decree, is not having the effect that it should due to the magnitude of the current economic crisis.

Nicaragua

Borge on Relations With Bush Administration

PA2812160788 Managua Radio Sandino in Spanish 1242 GMT 28 Dec 88

[Unattributed report on speech by Interior Minister Commander Tomas Borge at a ceremony to mark the 14th anniversary of the 27 December 1974 FSLN takeover of Somoza supporter Jose Maria Castillo's house, on 27 December at the monument to the fatherland's soldier in Managua]

[Excerpt] [Passage omitted] [Reporter] Commander Borge said yesterday's fighters, those of 27 December and of other FSLN feats, now have the policies, morals, and weapons to defend the revolution, and that is why our enemies are trying to destroy or neutralize them.

[Begin Borge recording] Mr Bush's election has been celebrated with champagne and whisky by the internal opposition; we are well aware of this. The counterrevolution is waiting for the new administration to finance a new strategy to topple the Sandinist people's revolution.

We do not have enough reasons to believe that Bush wishes to turn his mandate into a third Reagan term and thus continue a policy of failure, death, and mistakes in regard to the Central American conflict and Nicaragua. [sentence as heard] We do not have enough reasons to believe otherwise. We are waiting with optimism.

This means that if the goal [not further identified] is to be reasonable, steps should be taken to hold political negotiations. People throughout the world have expressed support for that. These negotiations should be marked by prudence. People from everywhere are demanding an understanding. Therefore, nobody advocates a policy of force. That policy is now like a rabid coyote howling in the darkness.

However, as long as the current policy in any of its varied forms continues, and the counterrevolution is kept alive in one way or another, as long as there are attempts to take advantage of the political space that has been opened in order to destabilize and to provoke us, my fighting comrades, the Interior Ministry [MINT] cannot afford to lower its guard.

The country's main task continues to be to face the aggression. As for us at MINT, we must continue to preserve order and the state security and neutralize efforts to establish an internal political-military front. Our specialized organizations have confirmed that this is part of our adversaries' plans. [end recording]

[Reporter] The MINT minister also commented on the difficult work of the MINT in implementing coercive tasks. He pointed out that these tasks are just and valid because they are done to defend the nation's security and internal order. He urged MINT combatants to guarantee compliance with the law.

[Begin Borge recording] Respect others, but do not let them disrespect you. If you fail to respect others, human rights will be violated. If you allow others to disrespect you, the principles of authority will be violated. In short, those are the rules of the game. The propaganda that uses lies and manipulation by claiming or suggesting that any criminal who uses a military weapon or commits a crime is a MINT or EPS member is repulsive and unacceptable behavior for all the reasons I have mentioned.

Sometimes an EPS or MINT member commits a crime. It is reasonable to report this as news within logical limits. What is unacceptable is to resort to a systematic warping of the facts or the indecorous use of assumptions as facts to hurt the Army or the MINT. In this case the police, who have been attacked, protect all citizens, including those who slander them.

It is unacceptable to allow an embassy that represents an enemy country to direct and redirect the policies of certain media. Unacceptable behavior must be fought with the full force of the law. The orders of the day and the year are work, sacrifice, savings, discipline, strength, respect, commitment, unselfishness, and revolutionary beliefs to face danger. The complexities of work include institutional and personal deprivations; loyalty to our national directorate and our FSLN vanguard; loyalty to our fighting slogan used by Eduardo Contreras and his comrades [who seized Jose Maria Castillos' house on 27 December 1974], which bore the glorious name of a true and great hero of Nandaime, Juan Jose Quezada; and loyalty to our slogan: Free fatherland or death! [end recording]

Democratic Center Coalition To Deliver Proposal

PA2812191688 Managua Radio Noticias in Spanish 1130 GMT 28 Dec 88

[Text] We have a last minute report. Alfredo Cesar has requested safe-conduct passes to travel to Managua to deliver a peace proposal. Alfredo Cesar, leader of the Coalition for the Democratic Center [Convergencia de Centro Democratico] within the Nicaraguan Resistance, has announced that a peace proposal will be simultaneously presented to the Nicaraguan Government and other Central American Governments. Carlos Hurtado

and Roberto Urroz will be Alfredo Cesar's delegates and they will deliver the peace proposal issued by the Coalition for the Democratic Center.

Nicaraguan Resistance spokesmen in Washington said they have nothing to do with the offer being issued by the Coalition for the Democratic Center. They added that leaders of the Coalition for the Democratic Center cannot speak for Nicaraguan Resistance members.

H. Ortega on Reported Contra Peace Proposal

PA2812142588 Managua Radio Sandino in Spanish 1214 GMT 28 Dec 88

[News conference with Defense Minister Humberto Ortega and unidentified reporters following a promotion ceremony for Interior Ministry officers in Managua on 27 December—recorded; broadcast in progress]

[Text] [Ortega] We have not yet received an official proposal [from the Contras]. I do not know where El Nuevo Diario got this information. During my last conversation with [Deputy Foreign Minister] Victor Hugo Tinoco, who represented the government at the Sapoa talks, [changes thought] the last fax we received [from the Contras] did not contain the information mentioned by El Nuevo Diario. The last message we received came from the group in Costa Rica, from the Coalition for the Democratic Center [Coalicion de Centro Democratico]. It was signed by Icaza [not further identified] and other MDN [Nicaraguan Democratic Movement] leaders. However, we have not received a message from [Alfredo] Cesar as reported by EL NUEVO DIARIO.

[Reporter] Is the government still willing to reach an agreement with the Contras?

[Ortega] We have negotiated in accordance with the Sapoa agreement. All the Nicaraguan Government proposals have been made within that framework.

[Reporter] Will talks continue starting from the 22 points that have been approved?

[Ortega] As you know, the Nicaraguan Government has proposed continuing the Sapoa negotiations here in Managua. If the contra directorate is willing to resume the Sapoa talks as the Nicaraguan Government has proposed, it would only be a matter of coming to Managua and resuming negotiations, starting from the point at which they were suspended. We had already approved important aspects related to the proposal for a definitive cease-fire, but the process was boycotted due to pressure from the Reagan administration. Nevertheless, there is still hope regarding the Sapoa process—a faint hope, but it is still there. The government has maintained the halt of offensive military actions in order to give the contras an opportunity to reconsider their position and finally realize that their only choice is contributing to peace by accepting the positions that the Nicaraguan Government has always maintained. In that manner, they would prevent more bloodshed, which is still happening because the Contras continue their indiscriminate attacks that bring sorrow and mourning to our people. They must realize they will have to face a bloody defeat if they do not accept our proposals.

[Reporter] [Word indistinct] proposal to the U.S. Government when it assessed the current situation at a news conference and a proposal for the new U.S. Administration?

[Ortega] The Nicaraguan Government will announce its initiatives in due time, once George Bush becomes president.

[Reporter] [Question indistinct]

[Ortega] I do not know where EL NUEVO DIARIO got that information. There is nothing official.

[Reporter] What about the return of people kidnapped by the contras?

[Ortega] Pardon?

[Reporter] What about the return of kidnapped people?

[Ortega] The Nicaraguan people are aware of our efforts to have the contras comply with their commitment so we can rescue at least those they agreed to release during the negotiations for the Sapoa agreements. They agreed to release some; they promised to deliver the 100 prisoners which they are holding in Honduras. However, they have not yet kept their word. They have continuously violated the agreements. We hope that with the recent developments in Honduras—the Honduran authorities have admitted the presence of Nicaraguans kidnapped by the contras—those citizens will finally be released so they can return to their homes here in Nicaragua.

[Reporter] Cardinal [Miguel Obando y Bravo] promised to send a representative to Honduras. Has he received any reply?

[Ortega] We hope the cardinal's proposal will be accepted. It is possible that no progress has been made due to the Christmas holidays in Honduras. However, we hope that in the next few days the cardinal's representative will go to Honduras and he will be able to help rescue those who were kidnapped by the contras, in order to bring peace and happiness to their relatives.

Panama

Noriega Speaks on Costa Rican Border Incidents

PA2912001788 Panama City ACAN in Spanish 2152 GMT 28 Dec 88

[Text] San Jose, 28 Dec (ACAN - EFE)— General Manuel Antonio Noriega, commander of the Panama Defense Forces, FDP, said today that the U.S. Government wants to worsen relations between Costa Rica and Panama.

He said that, for many years, some in the United States have been trying to harm the historical brotherly relations between citizens of both countries who live on the border.

"We must not fall into that trap," Noriega said at Paso Canoas on the border, where he inaugurated several customs, government, and sports installations on 28 December.

Meanwhile, Costa Rican Security Minister Hernan Garron Salazar and FDP officers on border duty met a few miles away on Costa Rican territory.

Noriega proposed the meeting which was intended, he said, to coordinate joint action between Costa Rican and Panamanian authorities that could serve as a model to settle future disagreements between the two peoples and governments.

Noriega's remarks were covered exclusively by a Radio Monumental reporter who was present at Noriega's visit to the border.

Noriega said that "this is an artificial border" that did not exist prior to 1940. When this border was established, some homes ended up with "their living rooms in Costa Rica and their bedrooms in Panama."

Regarding the incidents reported by the Costa Rican Foreign Ministry 1 month ago, Noriega said: "They were not really problems," but quarrels caused "by machismo or liquor drinking," and had nothing to do with sovereignty or territory.

He added, however, that after an inquiry, it was clear to him that the Panamanian soldiers who were involved were wrong. "Then I presented my apologies to the Costa Ricans," he said.

He said that, "as a human being," he knows "when to apologize and when to defend his rights."

Noriega said he favored periodic meetings between officials at all levels and between reporters. Those meetings would show that some things look like big problems when seen "from a politician's viewpoint," but that they could easily be as simple as a quarrel "over a woman."

Alleged U.S., PCC Labor Law Violations

PA2812201188 Panama City LA REPUBLICA in Spanish 27 Dec 88 p 5

["Vox Populi" column by Luis Restrepo]

[Text] Another U.S. violation of the canal treaties has surfaced following the arbitrary retention by the U.S. Government of salary deductions of Panamanian Panama Canal Commission [PCC] employees that should be turned over to the Panamanian Treasury.

Article 10 of the treaties covering "Employment with the PCC" recognizes the right of commission employees to unionize and engage in collective bargaining.

Panamanian treaty negotiators, however, supported Panamaninan labor laws by establishing very clearly that this meant Panamanian unions, which are under Panamanian laws and linked only to foreign unions through affiliation, like all other Panamanian unions.

Paragraph 9 (a) of Article 10 says: "Commission employees may negotiate collective bargaining contracts with the PCC, and labor relations shall be governed by established U.S. collective bargaining practices, but by previous consultation with the trade unions."

Paragraph 9 (b) of Article 10 states that "the trade unions will have the right to become affiliated with international labor organizations."

I again stress that the Panamanian Government clearly established that PCC and U.S. Armed Forces' trade unions "must comply with Panamanian laws if they are to be granted legal status."

Likewise, I reiterate that the only exception to the Panamanian labor laws was in the area of "collective bargaining."

Now it has been reported that, with the exception of Local 907, none of the trade unions of the PCC or of the U.S. Armed Forces in Panama comply with the labor laws of the Republic of Panama. They are simply branches of U.S. trade unions and they operate under the leadership of U.S. citizens who are living in Panama and who are carrying out illegal activities in Panama.

One must also take into account that Panamanian labor laws clearly establish that "leaders of trade unions that operate in the Republic of Panama must be Panamanian."

A trade union document was shown to me that was signed by Mrs Angela Johnson, who is the wife of a "Zonian" working for the U.S. Armed Forces in Panama and who has disregarded a Labor Ministry order to refrain from engaging in trade union activities, thereby disobeying Panamanian laws. In addition, I was informed that Mrs Johnson is a paid official of a U.S. trade union.

Panamanian Labor Minister Cesar Martans is under the obligation to verify that the country's labor laws and that Panamanian sovereignty and jurisdiction in matters of trade union organizations are respected.

Civic Crusade Leader on Elections, Prisoners

PA2812145488 Panama City Telemetro Television in Spanish 2300 GMT 27 Dec 88

[Text] Discussing the political prisoners who were pardoned by the Panamanian Government on Saturday, Civic Crusade leader Carlos Abadia said:

[Begin Abadia recording] The situation has not changed because there is no freedom of expression. Newspapers, a television station, and radio stations remain closed, and political prisoners are still in jail. We calculate that approximately 14 people are still in jail, and pressure is being exerted on other leaders, who are constantly summoned by the prosecutor. [end recording]

Dr Carlos Abadia also referred to the May 1989 presidential elections, emphasizing that the Civic Crusade's position on the issue has not changed.

[Begin Abadia recording] We do not think elections will solve the crisis because the conditions do not exist to hold elections that will truly solve the crisis. We continue to denounce to the world that a fraud is being prepared to legalize the government, but this will not happen. The government continues to suffer the consequences of the fraud perpetrated in 1984, and there has been no peace in our country since then. [end recording]

Archbishop McGrath Comments

PA2812171388 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Dec 88

[Interview with Archbishop Marcos Gregorio McGrath by unidentified reporter; date and place not given—recorded]

[Text] [McGrath] Every year, the government has a policy—I think a very good and positive one—of pardoning a number of common criminals after making sure they will not commit another crime as soon as they are released, or that they have not been tried, etc. Therefore, under these circumstances, the truly new pardon was the one requested by us and granted to the people imprisoned for political reasons. Some people are still being detained. Obviously, we are making contacts to see whether they too are covered by the pardon.

We have reviewed the reasons we gave in our letter for the release of a number of prisoners. The release is important in order to bring unity and happiness to people's homes for Christmas, but it is even more important as a sign of openness for a greater understanding between the government and the political opposition in Panama.

As we know, this is an important week. It is my understanding that the parties intending to participate in the elections must register this week. The decisions made this week will very much determine what we can expect in the coming months.

Christmas has lifted our spirits—be it for its religious, family, or social significance. However, many people from various sectors have expressed their fear that the Panamanian people's spirits will fall with the coming of the new year unless they can foresee new steps toward an understanding with which the country can stand on its feet and work—a basic understanding and fraternity that all countries, nations, and peoples need.

The church's messages have been stressing that everyone—leaders or followers, civilians or military, Catholics or other beliefs—should become aware of his or her responsibility at this time. They stress that people should not have views that are exclusionary. Rather, they should open their minds to a dialogue and seek solutions that the nation needs and that all Panamanians desire.

This is what the church is encouraging everyone to pray for at this time. We hope the prayers will also translate into attitudes and actions that will bring us closer and open unexpected and peaceful horizons for an understanding—for the good and for the future of Panama.

[Reporter] Monsignor, is it possible that the presidential pardon also includes the military men who are imprisoned?

[McGrath] Many are wondering about that. Several relatives—not of the military men, but of the few civilians who were not released—have approached me. As I said before, we hope to insist [that they should be released], as their cases are so similar to the cases of those already pardoned. Our letter applied to everyone, including the members of the military. However, there has been no reaction or clue indicating that they will be released soon.

[Reporter] Monsignor, does the Panamanian Catholic Church view the participation of Panama's democratic opposition in the coming elections as one of the ways to solve the country's problems?

[McGrath] That is both a moral and a political question. On the moral level—which is the level that concerns the clergy—I would say both the opposition and government parties have a great responsibility to keep all their contacts and paths open for a dialogue to solve the nation's problems. On the political aspect, nominating candidates for the May elections is a necessary step toward an understanding. Withdrawing from the campaign would close off the possibilities for an understanding that would involve everyone's participation. I think the parties and their directors will keep this in mind during their discussions this week. I do not wish to make a personal judgment, as it would be just that—personal. Instead, as I have already said, I will pray that the parties will keep their responsibilities to God and to their country.

PDC Leader Named ADO's Presidential Nominee

PA2912034488 Panama City MEDIODIA in Spanish 27 Dec 88 p 10

[Text] A spokesman for the Christian Democratic Party [PDC] has announced that the Democratic Opposition Alliance [ADO] will nominate PDC President Ricardo Arias Calderon as its presidential candidate in the elections scheduled for 7 May 1989. The PDC spokesman added that Jorge Pacifico Adames of the Authentic Panamenist Party, Ruben Dario Carles and Mario Galindo of the Nationalist Liberal Republican Movement, and Arnulfo Escalona of the Authentic Liberal Party are among the possible candidates for the offices of first and second vice presidents.

According to the PDC report, the ADO will announce its presidential and vice presidential candidates during a rally planned for mid-January at Porras Park.

Japan Gives Humanitarian Aid After Hurricane

PA2412034688 Panama City MATUTINO in Spanish 22 Dec 88 p 8

["Press communique"]

[Text] Japanese Ambassador to Panama Teruyuki Sawai today, 20 December 1988 [date as received], delivered 20,000 balboas to Manuel Solis Palma, Panamanian minister in charge of the presidency, as the Japanese Government's expression of support for the assistance program for hurricane victims. Ambassador Sawai expressed the sorrow that the Japanese Government and people feel in view of the damage caused by Hurricane Joan.

In view of the serious situation caused by the hurricane, the Japanese Government and people hope the donation, which is an expression of sympathy and solidarity with the Panamanian people, will help partially alleviate the needs of the hurricane victims.

For some time, Japan has been making efforts to strengthen its friendship with Panama through economic and technical assistance. One expression of those efforts is the 216,000-balboa donation made to the Panamanian Red Cross in June 1988. That donation was humanitarian aid with which the Red Cross acquired and distributed food for Panama's downtrodden groups.

The most recent donation confirms the strenghthening of the ties of friendship and trust that link our two countries.

Colon Free Zone Trade Activity Statistics

PA2912031988 Panama City LA ESTRELLA DE PANAMA in Spanish 28 Dec 88 p A-1

[Report by staff reporter Hermes Sucre Serrano]

[Summary] Jaime Mizrachi, president of the Association of Colon Free Zone Users, reported that despite a record high trade level of $441.7 million for exports and reexports during the month of November, Colon Free Zone trade activity is down by $327.2 million, or 8.28 percent, so far this year compared to the same period in 1987.

Mizrachi said that the Colon Free Zone has made a gradual recovery over the last 4 months of 1988, however, recording only a 2.8 percent decline in trade activity within that time frame compared to the 1987 trade figures.

Argentina

Bomb Damages PCA Headquarters; 4 Injured

PY2912105288 Buenos Aires TELAM in Spanish 0836 GMT 29 Dec 88

[Text] Buenos Aires, 29 Dec (TELAM)—Patricio Echegaray, a PCA leader, told TELAM by telephone that a bomb exploded early this morning in front of the party's headquarters, located in this city at 1039/41 Entre Rios Avenue. The explosion damaged the building and four people suffered bruises.

Echegaray said that the device was placed against a column in front of the doors of the building. The explosion seriously damaged the basement, the lower level, the first floor, and broke the windows of neighboring buildings.

He said that those who suffered bruises are all PCA militants and that at the time of the explosion they were printing the party newspaper.

Echegaray stated that the party will report the incident to the courts and the Interior Ministry today and that the party leadership will hold a news conference this afternoon to discuss the incident.

Deputy Chief of Joint Staff Installed

PY2812214688 Buenos Aires TELAM in Spanish 1453 GMT 28 Dec 88

[Summary] Buenos Aires, 28 Dec (TELAM)—Brigadier General Teodoro Waldner, Chief of the Joint Staff, installed Rear Admiral Rodolfo Orlando Tettamanti as the new deputy chief of the Joint Staff today. Tettamanti replaces Admiral Melburne Barrey Hussey.

Gassino Swears in IV Army Corps Commander

PY2812214588 Buenos Aires TELAM in Spanish 1644 GMT 28 Dec 88

[Summary] Santa Rosa, La Pampa, 28 Dec (TELAM)—Army Chief of Staff General Francisco Gassino today installed General Jorge Eugenio Pedro O'Higgins as commander of the IV Army Corps. The installation ceremony at the IV Corps garrison in Santa Rosa was attended by Governor Nestor Ahuad, the vice governor, and other high-ranking officials of the executive, legislative, and judicial branches of the local administration.

* Economists View Foreign Debt Payment Proposals

33480048d Buenos Aires LA PRENSA in Spanish 24 Nov 88 p 6

[Text] "The impact of the foreign debt has created a new situation in Argentina, because unlike the past we are not now faced with the classic stop-and-go cycles; instead, there is simply no growth, and inflation, far from being attributable to the reheating of the economy, is accompanied by recession. The traditional prescriptions are of no use against this scourge," asserted Peronist economist Eduardo Curia at the ceremony at which a new CERE [Economic Reality Studies Center] work by Marcelo Diamand, an engineer, was introduced.

Curia also indicated that besides the shortage of foreign exchange and the debt crisis, as explained in Diamand's work, there are other decisive obstacles such as, for example, the "battle over the distribution of income, fiscal and financial restrictions and the breakup of the state apparatus," which are compounding the main obstacle. The economist and adviser to Peronist presidential candidate Carlos Menem specified that in the work released by Diamand "there are answers to these new problems," going on to assert that "without an appropriate supply of foreign exchange obtained through foreign trade there is no possibility whatsoever of economic recovery."

Arnaldo Etchart, a businessman and director of the Argentine Industrial Union (UIA), and Guillermo Kuhl, an engineer, also analyzed Diamand's work. Etchart emphasized that "contrary to the opinion of many, industrialization is not over in Argentina" and that with an appropriate exchange rate exports can grow substantially, making way for the transformation of industry. The UIA leader stressed that "we cannot seek to pay off the foreign debt by ceasing to work, as the adjustment plans imposed by the international banks call for, but rather by starting to work and setting the production machine in motion."

Guillermo Kuhl stated in analyzing Diamand's work that three of the issues in the body of ideas set forth therein have extraordinary currency: "The battle over income distribution that demands mechanisms designed to achieve an overall agreement among all of the segments of society; the need for growth in exports, which are the essential element in sustaining economic growth by furnishing the foreign exchange needed to keep the production machine operating, and the need to rapidly diversify the basket of these exports by making commodities relatively less important so as to make headway towards the conquest of differentiated markets and towards a broad specialization of supply."

Opening of the Economy

Kuhl predicted that "the opening of the economy cannot and must not take place in a recessionary framework" and that "only in the midst of a growth trend is it feasible to move towards an increase in imports. The first thing is to grow, and to do this we must export more. Then comes the increase in imports, while greater efficiency will enable this process to sustain itself over time," he said in conclusion.

Diamand himself also talked about the main ideas of the work that he was publicizing. He indicated that one of the major obstacles to economic growth is that "we often entertain outside ideas that are not suited to our realities,

such as, for example, the mechanical application of the theory of comparative advantage, which inhibits the industrialization processes of the developing countries."

The president of the CERE emphasized that "the foreign debt is not payable either in the short or medium term, and the three policies that are generally proposed for dealing with it are: do not pay it and pretend as if it did not exist; try to pay it at the cost of recession, as the creditors are asking, or reschedule it intelligently and rationally, offering and securing concessions." In this regard, Diamand openly advocated the third option.

Lastly, Diamand asserted that problems such as "inflation, capital flight and the crisis of the state, having arisen as distortions caused by external restrictions, have taken on a life of their own today and have become restrictions in their own right." He also indicated that at the same time that the necessary solutions must help defeat inflation, "they must not do so at the cost of the income of the majority of the population, nor must they be recessionary."

* Pharmaceutical Patent Legislation Urged

33480048b Buenos Aires CLARIN in Spanish
13 Nov 88 p 20

[Text] The existence of legislation that provides for the nonpatenting of pharmaceutical compounds has long separated domestic laboratories from their foreign counterparts. The former support the country's laws because they give domestic laboratories access to the drug market and enable them to develop scientifically and commercially under conditions in which they can be competitive with the foreign affiliates that are established in the country, so much so that today they have a 55-percent share of sales.

The nation's businessmen argue that nonpatenting is an international practice that in its day enabled the now developed countries to promote their pharmaceutical industries until they achieved the privileged position that they enjoy today. Once they are firmly rooted in their own countries and on the world market, they begin to demand patenting so as to close off the drug market to firms in the less developed countries. Domestic businessmen allege that foreign laboratories have amortized their research expenses and that it makes no sense for the people in the less developed countries to finance the pharmaceutical industry.

Domestic businessmen have complained that the home offices of the foreign laboratories normally set for their affiliates prices that are much higher than the actual prices of the drugs they import. The home offices thus earn supplementary foreign exchange, which actually means that the consumers in the developing countries are financing drug research.

The foreign laboratories contend, in contrast, that nonpatenting poses an obstacle to the ongoing scientific research that is part and parcel of this industry, because it makes available to any businessman the discoveries made by others. The foundation of this industry, they argue, is the enormous investment that they must make in scientific research, and thus patenting is an indispensable condition for ongoing technological innovation and progress.

Conflict

The Pharmaceutical Manufacturers Association (PMA), which comprises the major international laboratories, charged Brazilian firms with "pirating" patents. Brazilian legislation also provides for nonpatenting. The affiliates of the PMA control 35 percent of the market. The U.S. Government, based on this charge, applied commercial sanctions to our neighbor by banning Brazilian exports of some drugs and paper products to the United States and imposed a 100 percent surcharge on exports of a variety of electronic items.

The controversy has reached Argentina as well. The PMA contends that nonpatenting has cost its affiliates $610 million. The domestic laboratories refute this charge, contending that the foreign affiliates are pushing for a change in domestic legislation, in which case the foreign laboratories would monopolize the market, with the resulting jump in prices.

Manfredo Cozzi, the president of the Argentine Chamber of Medicinal Specialties (CAEME), summarized the chamber's position in the following terms:

There is wide-ranging international experience that shows that research and technological innovation require the legal security that appropriate recognition of the rights of intellectual property provides. In our country, Article 17 of the National Constitution provides that every author or inventor is the owner of his work, invention or discovery for the period that the law provides. In the area of drugs, discoveries and developments are excluded; in other words, there is no law protecting them.

The bills aimed at modifying this situation have remained bills, including the two that were submitted in December 1983. Every time that an attempt is made to discuss the issue more or less publicly, the discussion focuses on aspects that are hard to prove, such as "liberation," "dependency," "monopoly," "self-sufficiency," "strategic production," etc.

This is an attempt to conceal certain incontrovertible facts: The drugs that have had an enormous impact on our quality of life have been discovered and developed by international drug companies in countries in which intellectual property, medicines included, is safeguarded and respected. These companies, which in our country are grouped together in the CAEME, invest $6 billion a year in those countries in discovering, researching and developing new drugs. The only real reason why our

country has practically no share in this investment is the lack of legal protection for the result of such discoveries. Those who have an interest in maintaining the present situation neglect to mention that this lack of legal protection is independent of the origin of the capital or of the nationality of the pharmaceutical company.

The claim that we are promoting research and development in our country is sheer rhetoric unless we provide the legal framework that can properly safeguard the results of such research. The countries with suitable patent laws are the ones that receive a larger inflow of investment and of the technological know-how that stems from it.

Owing to the development that our country has achieved in the field of health care, the need to begin a serious, in-depth and realistic discussion of patents is becoming more and more urgent. Suitable transition and compatibility mechanisms that take into account the situation into which the pharmaceutical market has gotten itself ought to allow for a steady evolution towards this approach.

The head of the Industrial Center of Argentine Pharmaceutical Laboratories (CILFA), Raul Zaballa Carbo, spelled out his views.

It is important to emphasize that the development of a genuinely Argentine pharmaceutical industry will stem from the merits of the underlying legislative framework in which the industry must operate. Law No 111, concerning letters patents, allowed incipient domestic laboratories access to the drug market by providing for the nonpatenting of pharmaceutical compounds.

The transnational pharmaceutical firms obviously would have preferred to remain alone and without competition in the country by virtue of the patent privilege arising from the activities of their home office, but our legislators made this impossible precisely so as to spur the necessary concurrent development.

* Fishing Industry 'Unexploited Resource'

33480048a Buenos Aires CLARIN in Spanish
11 Nov 88 pp 17, 59

[Article by Daniel Ulanovsky-Sack: "The Factories That Came In From the Sea"]

[Text] Last year Argentina exported $270 million worth of fish, three-fifths of the value of its beef sales. The "inhabitants of the water" seem to have some advantages over cows: markets are opened more easily, and development poles are created even in now unpopulated areas as a result of their exploitation. Growth in this activity faces stumbling blocks, however, and is not devoid of controversies and accusations.

Is there anywhere in the country that four people are sitting down and discussing the advantages and disadvantages of the current economic expansion?

At first glance, it would seem not. People's opinions and the speeches of the CGT [General Confederation of Labor], the Rural Association and the UIA [Argentine Industrial Union] echo only the words crisis, disinvestment and speculation. The productive country is so far away that even an election campaign is being based on recollections of it.

Such a place does exist, however. It is called Puerto Deseado and it faces the Atlantic Ocean, and the estuary on which it sits appears on maps of Santa Cruz. The 4,000 residents in 1980 have become more than 7,000 today. What did all those people go to Patagonia to do? It so happens that Puerto Deseado is a natural deep-water port, and as of 1982 prawns had nothing better to do than move en masse (one of their ecological cycles) to San Jorge Gulf. And that is where it all began.

The fishing companies set up their installations. The Japanese decided to enlarge the local port. The city began to grow as it had never imagined. And the 16 boats a year that used to sail in during the 1970's became more than 250.

While Deseado gradually lost its small-town atmosphere, heated discussions preserved the vitality of the long-standing residents. One has the impression that there are two factions: while some argue strenuously that fishing activity is beneficial, others crack a sarcastic smile and remark: "Is that so...or would you like me to fill you in?"

Until a few years ago, wool and a few meatpacking plants were the only sources of money that enabled the tranquil spot to survive. Now, everything has changed. People do not know each other like before; many new arrivals only plan on saving some money before leaving, and rents are rising inordinately. Even if work can be found, there is no room for new people. It so happens that the salaries of the land-based personnel are not spectacular (between 2,500 and 3,000 australes), and a more or less unseemly little house rents for about that much a month. This paradox has forced the local city hall to buy return tickets for more than one migrant. Once winter has arrived, no one can risk sleeping under four corrugated iron sheets unless he wants to wake up stiff and with a bluish tint to his skin.

During the first 6 months of this year Deseado exported $31.6 million in fish, which is an average of $8,500 a year per inhabitant. This number is much higher than any nationwide average, but its effects are still not "seen" in the town.

'Leave Something Behind'

And this is the crux of the debate: "Development yes," say some Deseado residents, "but something more than the wages ought to stay behind in the area. You can't just change an entire community to ship the profits up north (read Buenos Aires) or overseas."

For their part, businessmen have a very hard time understanding such resistance. "We bring investment," they contend, "and they cause us problems because of a sidewalk that needs to be built. They don't realize what we're contributing."

Using a balance scale to determine who is right is difficult. There is, however, a significant watershed, and it has to do with the value added that the fish leave behind in each spot. Because it is one thing to export the product as it is unloaded (frozen and more or less clean), and another to sell it already processed: fish patties or fish meal, frozen foods, canned seafood. These latter forms require local manpower and a major infusion of technology and capital into the zone. The value added of fish can be boosted in ways that are hardly imaginable right now.

Let us assume that we want to have king crab. The high price puts us off (crabbing is expensive because it is done with traps, and only one-fifth of the animal is edible). So we go to a supermarket (not in Argentina for now) and buy a can that says "imitation king crab."

Thinking that it is just a more common crustacean, we contentedly buy and try the item. This imitation, however, is the result of a sophisticated technology based on catching less valuable species (hake, pollack). Once these fish are on the factory-ship, their texture, smell and taste are extracted from them. Back on land, the texture, smell and taste of king crab, in this case, are added to them through another process. The processing machines cut them in unequal sizes so that they seem real, and from there they are shipped to the supermarket. This item, which its Japanese inventors call "surimi," has a large foreign market and will very soon be "produced" in Puerto Deseado.

There is no end here to the peculiar foods that many countries are wild about. A Japanese company, for example, catches squid, which undergoes its first drying and sweetening process in its plant in Santa Cruz. The almost dehydrated squid fillet is then exported to Japan, where it is dried further and cut in very thin, almost roasted strips that are similar, in their function at least, to our paille french fries. After packaging, the desiccated squid strips are sold to the consumer, who uses them as a cocktail ingredient to accompany an ice-cold beer.

Everyone agrees that fish are an underexploited resource that Argentina could readily export. It is here that disagreements (parochialism?) enter the analysis. Puerto Madryn, for example, has a concentrated area of top-level fish-processing plants that, according to their owners, create even more jobs than the famous Aluar. Almost all of these plants were set up in the early 1980's, when the province ruled that the companies that wanted to fish in its territorial waters (3 miles from the coast and the entire surface area of the gulfs) had to have plants on land. In 1986, for example, $140 million in seafood items was exported from Madryn.

Despite these numbers, the complaints are intensifying, especially after the currency-exchange measures decided on in the past few months. Many companies that export fish from Patagonia receive a government refund equal to 20 percent of their total overseas sales, besides enjoying the other tax breaks that every industry in the region gets. The objective of these measures, promoting regional development, is now walking the "tightrope." The refund and the breaks continue, but the companies are obliged to export at the commercial-dollar rate (12.6 australes), while their competitors north of the Colorado River (mainly Mar del Plata) receive about 11 percent more for the U.S. currency. The tax breaks thus vanish, and the final costs are similar to those in any other port. "So why set up shop here?" exclaim the managers of the local companies.

Just 60 km away, in the port of Rawson, a small fish-processing plant offers different complaints. "I haven't yet gotten the exemption that the government guaranteed companies in the area," explains its owner, once he becomes convinced that this reporter is not trying to sell him anything. "Only the very big companies or the ones who 'greased' the wheels underhandedly got it. A meeting of my creditors has been called, but at the same time the government owes me $1 million in exemptions that were not granted."

Seeking Justice

In spite of this complex picture, some cities on the Patagonian Atlantic that have not yet developed their fishing industry want to take to the sea as soon as possible. Comodoro Rivadavia, for example, has an ideal location, halfway down the San Jorge Gulf, for catching several species. But since it does not have a good port, the boats unload and process the fish in the Madryn or Deseado area.

"It's not fair," the residents of Comodoro Rivadavia grumble. For them, moreover, it is a question of survival in the medium term. The region's oil wells, the oldest in the country, are drying up little by little, and the future could thus be gloomy for its 150,000 residents. The planners at the local city hall emphasize the area's three resources: oil, fishing and wind. "The first is not renewable," they explain, and the last (potential wind power) is still experimental." Hence the importance that private and public entities in the area are attaching to the project of a deep-water port in Refugio de los Lobos in the extreme southern part of the city. The people in charge are still not giving many figures, but there is talk of several million dollars in required investments, which would no doubt include foreign backing.

Ushuaia is another port where activity is potentially heavy, not so much in fishing in the Beagle channel, on which the city sits, but as a haven for the ships that work on the high seas in the south Atlantic, most of all the ones that sail towards the Antarctic. There is even a project to build a repair facility for the ships that go back and forth to the

white continent. Projects in this connection are being bandied about under the agreements signed with Italy, but no one in Ushuaia seems to know much about this today. In the city there are just two fishing companies, which catch king crab, and together they do somewhat more than $1 million a year in business. It is odd that on the one hand the Treasury spends a great deal of money subsidizing the electronic-assembly plants and, on the other, is not planning the industrialization of local resources.

When a country is unable to catch its own fish, it must share the resource with other nations, under international law. Argentina's Patagonia is almost empty, and its territorial waters hold great wealth. Under a suitable policy that entails a growing value added on land, population centers whose future is uncertain today could grow and develop. Moreover, marine products are easy to export: foreign markets exist, and there are fewer barriers than with red meat, for example. Some places in Argentina are developing on the basis of fishing. Others, several Patagonian cities, are basing their future on ports that they hope to build. If this can be achieved, if the number of national fishing vessels increases, if new processing centers are built on land, and if exports rise, Argentina will have learned that the ocean exists and, surprising though it may be, is profitable. A belated discovery, if you wish, but still a valuable one.

[Box, p 17] Agreements

The fishing agreements that Argentina has signed with the Soviet Union and Bulgaria are based on the UN Convention on the Law of the Sea. Under it, the countries that do not have the capacity to exploit all of the permissible catch in their 200-mile exclusive economic zone must give access to other states.

The government contends that the accords (the one with the Soviet Union is 1-year old and has been renewed for 1 more) have been beneficial to the country because otherwise the resource could not have been exploited. Moreover, the vessels included in the accord had to buy 30 percent of the catch tonnage from Argentine companies and pay a royalty on their own catch.

Private businessmen and some provincial governments contend the opposite. First, they charge, a precedent has been set for the future: Argentina is agreeing that it cannot exploit its fishing resources by itself. Second, "we cannot fish as much as the Soviets," the businessmen explain, "because there is an extremely high tariff surcharge on boat imports. If this were not the case, we would bring in more ships and be in a position to catch much greater volumes."

As for the numbers, no one can agree. The national government asserts that the agreement with the Soviet Union left the country with profits of $30 million during its first year, deducting all outlays. For its part, the Fishing Port of Madryn, a private group that brings together local companies, emphasizes that the directly paid fishing royalties did not exceed $2 million, which they regard as a meager amount for the volume caught.

* Oil Royalties to Provinces Reduced 70 Percent

33480048c Buenos Aires CLARIN in Spanish
15 Nov 88 p 20

[Text] Under a decree that is in the works, the administration would as of January tie the royalties that the nation pays to the producing provinces to the world price of oil. This would mean a cut of around 70 percent in the funds that are currently paid out. A struggle is under way for control of the YPF [Government Oil Deposits] Board of Directors.

By enacting a decree, the national government will unilaterally order a drastic reduction in the petroleum royalties that it pays to the provinces that produce hydrocarbons.

The text of the decree that will reportedly be signed soon does not order any sort of freeze in the payment of funds for this purpose, inasmuch as it pegs the price on which the royalty is calculated directly to the international price of oil.

The move entails a cut of around 70 percent in the current payout of royalties.

The official intention is to lower the base price used to calculate the royalties from $24 a barrel to the world price, which at present stands at $14 a barrel.

The move stems from an agreement between the Finance Secretariat and the Board of Directors of the YPF; no negotiations or consultations have been held so far with the oil-producing provinces, including Rio Negro, which is governed by the Radical Civic Union.

The official aim is for the new values to take effect as of this January, to avoid adding another source of irritation to the current negotiations on revenue sharing.

The final decision is tied to political considerations of the national government and will be made once the Board of Directors of the YPF is revamped.

The Ministry of Public Works has voiced a series of objections to the leadership of the company, and Minister Rodolfo Terragno will again try to place his confidant in YPF.

Theoretically, if there are no postponements, a YPF shareholders meeting will be held tomorrow to revamp the board. Terragno is pushing to get Jorge Niselsohn in instead of the chairman or vice chairman of the state-run company.

Three additional seats on the board will be filled.

There are six directors, and despite his resignation, Jorge Faura must attend so that the board can approve certain measures.

A battle is going on in the administration to fill the post that Faura will be leaving vacant; in the meantime, a delegate from the oil-producing provinces and another from the trade union, Raul Isaak, a native of Neuquen, will be added to the board.

If the Public Works Ministry is unsuccessful, the rest of the board will consist of Daniel Montamat, chairman, Raul Lescano Zinny, vice chairman, and Jose Sotto, director.

Terragno's offensive is reportedly linked to the displeasure that was caused in Public Works by several appointments that the Energy Secretariat made, especially Juan Colombetti as coordinator of the petrochemicals area.

Bolivia

* Palenque on Presidential Candidacy, VR-9 Accord

* First Press Conference

33480064b Cochabamba LOS TIEMPOS in Spanish 1 Dec 88 p B-10

[Text] Presidential candidate Carlos Palenque Aviles of Conscience of the Fatherland (CONDEPA) gave his first political presentation in this city at a press conference. There he and his executive committee responded to various questions related to his candidacy and proselytizing campaign.

Palenque came to this city for the sole purpose of installing his regional political committee, the third that has been organized in the nation in a campaign race against time, and of meeting with representatives of the press.

In a preamble on the birth of his party (which he said is now just a movement that has sprung naturally from the people and out of the need to seek new forms of political practice in the face of the trampling of civil liberties), he contended that its genesis is linked to the work he has done for more than 20 years in the mass media.

"Believe me, it is there, in the mass media, where thousands of citizens turn each day in their search for justice, in view of the disillusionment they feel with the agencies of power and government that ignore their demands and complaints. It is in this activity, and in the shutting down of our media, that the idea was born that the people have a need for a government which is popular in character and nature," stated the CONDEPA candidate, known as "Buddy" [Compadre] Palenque.

"No more misuse of power, no more abuse, what we want is to serve the fatherland. You have been able to tell by the videos you have seen that the rallies held in La Paz are an indication that we are recovering the lost faith of these people, the popular movement that was put to sleep by the current government. The government has relocated not only the workers, but the popular class," he pointed out.

The representatives of the executive committee of this new political party spoke in turn about their political platform for the next administration.

The assistant chief of this party, Reynaldo Venegas, discussed the political philosophy that he is upholding for the 1-year period, and spoke of self-sufficiency in clothing, food, health, and housing for all Bolivians. These ideas were complemented by another speech by journalist Andres Soliz Rada on the defense of natural resources, a theme that he has been emphasizing for 20 years.

Internationalist Jorge Escobari Cusicanqui, on the other hand, discussed the preliminary features of the foreign policy that would be pursued. In his presentation, he made various references to the misguided policies that previous governments undertook in this regard, as in the case of the international proposals made to the OAS concerning the country's landlocked status.

Meanwhile, writer Gonzalo Ruiz Paz, in a wide-ranging speech, defined the postulates of this new party with great clarity. He stated that at present it is not a matter of being "leftist or rightist," but of analyzing and observing the active role that must be played in propelling a country forward.

* Accord With VR-9 Denied

33480064b Santa Cruz de la Sierra EL MUNDO in Spanish 24 Nov 88 p 11

[Text] La Paz, 23 November (ANF)—The national chief of the 9 April Revolutionary Vanguard (VR-9), Carlos Serrate Reich, stated that his party has reached a virtual agreement with the political party Conscience of the Fatherland (CONDEPA). The latter party is headed by radio station owner Carlos Palenque, better known as "Buddy." Palenque denied this assertion, indicating that these are just preliminary talks that have not resulted in a final agreement.

In separate statements, however, both leaders said that the two political organizations have a lot in common in terms of ideology and programs, primarily with regard to revolutionary nationalism and the defense of natural resources.

Palenque stated that it was Carlos Serrate who took the initiative, proposing the creation of an "antioligarchic front." The process requires a great deal of care and time, he noted, and that was why a concrete agreement has not yet been reached.

He also indicated that if an accord is reached with VR-9, his party will not negotiate the presidential candidacy, "because that is a popular mandate" that is considered very important and "sacred." "We are an instrument of the people, who have elected us to make changes in their favor," he added.

On the other hand, he indicated that his party is still holding talks with other political parties such as the Bolivian Democratic Party (PDB), sectors of the MNR-I and various grassroots leaders of the Revolutionary Nationalist Movement (MNR).

Serrate

Carlos Serrate Reich, for his part, contended that there is a virtual agreement between his party and CONDEPA. This will allow the Movement of the Revolutionary Left (MIR) to join this antioligarchic political front. "If the MIR does not accept, the accord will be between VR-9 and CONDEPA," he added.

"There is a virtual agreement between my party and CONDEPA. All that remains is to discuss the distribution of power and the consultation with the grassroots that the political committees of the two organizations must carry out," emphasized Serrate.

* VR-9's Serrate Views Center-Left Consolidation

33480064a La Paz HOY in Spanish 26 Nov 88 p 2

[Interview with Dr Carlos Serrate Reich, head of the 9 April Revolutionary Vanguard Party; author, date and place not given]

[Text] "Man at present is contemplating the third millennium with terror. Actually, it is comparable only to what the Romans experienced without any awareness of the changes that lay ahead for them. We were 23 years away from the year 2001 when the new humanity of the third millennium began."

This introduction, which sounds like something out of a Ray Bradbury novel, comes from a pamphlet by Dr Carlos Serrate Reich. It allows us to enter the doctrinal field of revolutionary vanguardism. An important analysis and varied statistics on the external world with special reference to the case of Bolivia make a true contribution to anyone who reads this document.

The 9 April Revolutionary Vanguard (VR-9), the party led by Carlos Serrate R., broke into Bolivian politics in 1985. A few months after it was founded that year, it participated in the general elections and came in third in the department of La Paz, fifth at the national level, and first in the provinces of La Paz. The Vanguard became a reality, and began gathering strength to participate once again in the 1987 elections and repeat its previous feat. That is why it is important to hear some of the impressions of the chief of this party, particularly with regard to the election situation.

[HOY] Don Carlos, what is the status of the negotiations between your party and other political forces with a view to the upcoming elections?

[Serrate Reich] First of all, my congratulations to CRITICA on its first anniversary. I sincerely believe that it is the most important political weekly in the country at this point. As for your question...we have realized, and I personally have realized, that the Vanguard could play a key role. For this purpose, the only thing we must do is not insist on our own candidacy on this occasion. In other words, we are aware that we can change the history of this country, and the time has come for our acts to determine the course of events; we are no longer just influenced by these events. Therefore, I issued a call to strengthen the center, and I did so at a time when the entire Marxist left was already joined together in the United Left (IU), and when the right, the Nationalist Democratic Action (ADN) and the Revolutionary Nationalist Movement (MNR), had ratified its pact in favor of the oligarchy, because they advocated taking turns, that is, continuing the status quo. That is why I decided to ask the forces of the center left to formulate a national political program to put a stop to the oligarchy's program. In this regard, I have found just two main forces in the center, the Movement of the Revolutionary Left (MIR) and the Vanguard. Thus, the invitation was issued primarily to the MIR and another minor (regional) force, the Revolutionary Front of the Left (FRI). In this way, we intend to form a center-left convergence, which I consider to be the winning option in the 1989 elections.

[HOY] How are the talks to form that convergence progressing?

[Serrate Reich] It is becoming more consolidated each day. The forces involved have the political will. I understand that the MIR has virtually concluded an agreement with the FRI. As for the Vanguard, I repeat, we are advancing. We have set a deadline in December.

[HOY] What will be the determining factors in the consolidation of that political unity?

[Serrate Reich] It depends on two factors. The first would be the agreement with the national program that the MIR announces, and the second is the distribution of power.

[HOY] And what is your relationship to "Buddy" [Compadre] Palenque?

[Serrate Reich] The Vanguard has close ties to "Buddy" Palenque through me, because I was the only one who defended him in the Chamber of Deputies and the national press, although I did it for a principle, the freedom of expression.

[HOY] That is, not out of political affinity?

[Serrate Reich] At that time there was not a political "Buddy" Palenque, so I defended the principle of the freedom of expression, because they were trying to shut down two communication media. I maintain that the freedom of expression has to be as broad as possible. I think that even a criminal who has been found out and is a fugitive from justice has the right to have his voice heard, because if the criminal begins to finger his accomplices, justice and the state benefit. This is the case with Roberto Suarez, who is linked to major dominant interests, in politics, the economy, and in Bolivian society in general.

[HOY] Do you believe that an attempt was made to silence Roberto Suarez, using Palenque as a scapegoat?

[Serrate Reich] Indeed, I firmly believe that the two parties sought a sanction against Palenque's media to divert the nation's attention and hide the narcovideos and all relations with Roberto Suarez.

[HOY] Moving on to other issues, Don Carlos, are you still a part of revolutionary nationalism?

[Serrate Reich] Yes, revolutionary vanguardism is actually a higher dialectical stage than revolutionary nationalism. In other words, the nationalism stage has been virtually surpassed in the 20th century. Nationalisms are ending in the 20th century, because the nation states are very weak and isolated. For this reason, we must seek the continentalization of states to meet the challenges of the new century and the third millennium. That is why we propose that South America form a confederation of states, a union of South American states. And I make a distinction from Latin America, because I feel that the utopia will be much farther off if we try to incorporate Central America and the Antilles into a single nation of federated states.

[HOY] And what do you think of the national left?

[Serrate Reich] We are of the national left, because nation to us means the entire South American continent, which we want to unite. On the other hand, we are antioligarchic, and we are forging an independent nation, and that is why we are of the left.

[HOY] In that case, why do you propose a unified center, if you are of the national left?

[Serrate Reich] In Bolivia I propose a unified center, because we are neither on the right, which today is identified with neoliberalism, nor on the left, which is a socializing force that upholds the Marxist doctrine. So the center is a combination of the national left.

[HOY] Finally, what do you think of the Nationalist Democratic Action (ADN) and Gonism?

[Serrate Reich] I think that Gonism and the Banzerist ADN are completely identical, since the two represent the same neoliberal ideological position. They have placed themselves unconditionally at the service of foreign and transnational interests. And it is precisely this policy that we are countering with an economy of multinational enterprises that benefit the participating states, within the South American nation.

[HOY] Are you against privatization?

[Serrate Reich] No, I am in favor of the creation of wealth and domestic savings so that the national interests can be better served as a function of an equitable social distribution. I am an advocate of the development of capitalism within our society, granting full freedom of trade and industry to the entire creative factor of the private sector and leaving aside the formation of oligarchic groups that serve as middlemen for the transnationals and financial capitalism to impoverish our countries and encourage the flight of capital.

[HOY] Do you consider yourselves more leftist than the MIR?

[Serrate Reich] We are looking at all of that in the program; we need to study carefully the program that the MIR is presenting to the nation so that we can evaluate it. In any case, it is still very difficult to say whether we consider ourselves more or less leftist than the MIR.

IDB Disburses $112.9 Million During 1988

PY2812025788 La Paz La Red Panamericana in Spanish 0000 GMT 28 Dec 88

[Summary] During a news conference IDB representative (Francisco Raul Alberguz) disclosed that during 1988 his organization disbursed a total of $112.9 million in loans to Bolivia. During 1988 the IDB approved three new loans, totalling $119 million. The loans are earmarked for oil exploiting projects in the high plateau, the reconstruction and paving of the Confital-Caihuasi highway, and the credit line for the industrial and tourism sectors.

* $186 Million Allocated for Oil Exploration

33480064c Santa Cruz de la Sierra EL MUNDO in Spanish 1 Dec 88 p 9

[Text] Although the probability of expanding volumes is latent, Bolivia will officially export the equivalent of 6.5 million cubic meters of gas per day to Brazil beginning in 1992. Of that total, 3 million cubic meters is just gas, and the remainder is byproducts converted into thermoelectric power, nitrogenated fertilizers, and high-density polyethylene.

The government will allocate $186 million for hydrocarbon prospecting and drilling activities throughout the nation next year, announced Energy Minister Fernando Illanes yesterday.

"We have just signed an operation contract with the Occidental firm to carry out activities in the Madre de Dios area (Northern La Paz, Beni, and Pando), where there is hydrocarbon potential for the country," commented the minister to EL MUNDO.

He also mentioned that seismographic studies are being conducted at various points throughout the country now, concentrating on the El Carmen-Rincon del Tigre area. These activities have the ultimate objective of boosting "our reserves of liquids and gas."

Illanes went on to discuss the notes of mutual concessions that were signed with Brazil in the area of energy integration. He pointed out that the negotiations are proceeding, albeit "gradually." They should be completed by the first days of February, when the contracts will be signed.

Although the likelihood of expanding the initially established sales volumes is latent, that may happen in the future. But "personally, I wouldn't venture to guess when or by how much," he said. He indicated that the official commitment is being honored to export to Brazil the equivalent of 6.5 million cubic meters of gas per day, of which 3 million is just gas and the remainder byproducts converted into thermoelectric power, nitrogenated fertilizers, and high-density polyethylene.

He stated that next February, when the contracts are signed, the types of financing and the construction of the industrial plants that must be ready for the production and export of products by January 1992 will be agreed upon.

Renewal of Contract With Argentina

Illanes later reported that the possibilities for renewing the contract for the sale of gas to Argentina "are good," although he made it clear that it is not yet known "whether the quantities and prices will be the same."

He also discussed the matter of the renegotiation of the foreign debt, in which he was involved, and other issues which will be reported in separate articles.

Chile

Communist Banned From Meeting With Coalition

PY2812184588 Santiago Television Nacional Network in Spanish 1700 GMT 28 Dec 88

[Text] Interior Minister Carlos Caceres today stated in Valparaiso that the government position of not talking with parties or movements that maintain a disruptive or a violent policy remains unchanged.

The minister added that the government has established the condition that Luis Maira cannot be included among leaders of the Coalition of Political Parties for Democracy [CPPD] to talk with the government because there is confirmed evidence that he is connected to the Communist Party.

Caceres added that Maira's actions have been consistent with his way of thinking. The government has extended invitations in a very respectful manner to all parties of the democratic opposition that do not intend to disrupt the institutional order. We have outlined a very clear position, Caceres stated.

Opposition Cancels Meeting

PY2812134788 Santiago Domestic Service in Spanish 0930 GMT 28 Dec 88

[Text] The Coalition of Political Parties for Democracy has called off its meeting with Interior Minister Carlos Caceres scheduled for 3 January 1989. This announcement was made by opposition spokesman Patricio Aylwin following a routine meeting of the 17 political parties and groups that make up the center and leftist umbrella organization.

Aylwin read a declaration prepared by the opposition, where the leftists now predominate. After analyzing Minister Caceres' answer regarding talks in which constitutional reform proposals would be discussed, the declaration says that the group has decided not to show up for their appointment with the interior minister.

The opposition believes that the objection to the presence of Luis Maira, president of the Broad Party of the Socialist Left [Partido Amplio de la Izquierda Socialists, PAIS] that shelters the outlawed PCCh, is arbitrary. They note that Maira would have attended the meeting with the minister in his capacity as a member of the Executive Committee for the No-Vote Campaign, a movement dismantled by the opposition and replaced by a similar one.

Through Aylwin the opposition said that the terms of the communique issed by Minister Caceres had tried to hide his lack of disposition for a real dialogue.

The declaration, which has a clear leftist tone, notes that Minister Caceres intended to mix the topic of constitutional reform with the topic of violent practices merely because the minister mentioned that the party being formed by Maira shelters a faction of the outlawed and extremist PCCh.

In an even more insolent decision, the opposition says that the six proposals will be sent to the interior minister by mail so that he may study them if he so wishes.

The Maira episode has been practically closed, but it makes it clear that a consensus prevails within the opposition, although it stresses the leftist and Marxist influence as can be seen in the reactions elicited in this case.

Radical Party Headquarters in Santiago Attacked
PY2812025388 Santiago LA TERCERA DE LA HORA in Spanish 22 Dec 88 p 9

[Excerpts] Radical Party [PR] First Vice President Ricardo Navarrete has reported a strange attack on the PR headquarters at 281 Santa Maria Street. Unknown individuals looked through all the documents on hand, and destroyed some furniture, doors, and typewriters.

Oddly enough, Navarrete told LA TERCERA DE LA HORA, some PR emblems were stabbed. "Obviously, someone who does not like the PR is trying to intimidate the radicals, or it is some antidemocratic organization engaged in conspiratorial or intelligence activities," he said. [passage omitted]

Navarrete concluded: "Six policemen came to check the report. They inspected the place throughly but said nothing. We are asking that other services who have fingerprint experts also investigate this case."

Police Arrest 'Lautaro' Youth Movement Members
PY2812130088 Santiago EL MERCURIO in Spanish 18 Dec 88 p C-1, 8

[Text] Yesterday police dealt a harsh blow to the "Lautaro" youth movement when it arrested six of its members in the Villa O'Higgins slum of La Florida district. The police arrested the six as they robbed a dairy truck and distributed its cargo to slum dwellers.

The criminals carried guns, ammunition, handkerchiefs to cover their faces, political propaganda, a megaphone with which they harangued the people against the government, a movie camera, and a photographic camera with which they filmed and took pictures of their activities, as was discovered later.

The criminals were arrested in spectacular fashion by personnel of the 36th Carabineros precinct and of the "Condor" squad of the radio patrol unit. According to a 36th Carabineros precinct report, the arrested criminals are being questioned about a series of criminal acts in which pamphlets of their organization were found, and about the political structure of the so-called "Lautaro Popular and Rebel Forces" (Fuerzas Rebeldes y Populares Lautaro).

According to information obtained by EL MERCURIO, the action took place at 1005 yesterday when the truck reached passageway 3 of the 2d sector of Villa O'Higgins west of bus stop 14 on Vicuna Mackenna avenue to distribute its merchandise to stores in the sector.

When the truck was parked in front of house No 918 on the passageway, two individuals dressed in blue overalls and wearing yellow security helmets threatened the truck driver and his two assistants with guns.

In a perfectly coordinated action, eight other men and two women, all of them with masked faces, looted the truck and urged the people to take milk, yoghurt, and other dairy products.

The armed commando distributed leaflets calling on the people to resist the authorities and to advocate subversion. The police personnel said that the armed group quickly distributed propaganda claiming that it had completed "6 years of struggle against the government."

A woman filmed the action with a camera, while another woman used a megaphone to call on the neighbors to loot the truck.

After being alerted, Carabineros implemented a "bolt" operation, closing the sector and arresting six commando members, all of whom were armed with revolvers. According to initial police reports, most of the revolvers had been stolen from subway guards and uniformed policemen.

Yesterday afternoon Carabineros reported that Rodolfo Farias Santander, 18, was arrested at the outset of the operation. He was carrying a 38-caliber "Rossi" revolver with five rounds of ammunition, one of which had already been fired. He sustained injuries because he resisted the arrest.

Ana Maria Sepulveda Sanhueza, 30, was also arrested. She was carrying a Super-8 Sony movie camera with which the action was filmed. She was also carrying another camera, and the film is being processed to examine the photos that were taken.

Juan Guillermo Fuentes Sepulveda, 25, was also arrested in the area. He was carrying several rounds of 38-caliber ammunition, two pistol clips, and the keys to the truck.

The three other detainees were identified as Juan Carlos Maraboli Garcia, 29, who was identified by the truck driver and his assistants, and brothers Antonio and Gustavo Gonzalez Neira, 27 and 29 years old, respectively, who were distributing the stolen merchandise.

The police found a bag in the area. The bag contained two 38-caliber revolvers, wigs, disguise materials, and subversive literature.

No one sustained bullet injuries during the action, although Carabineros shot in the air to force the subversives to surrender.

A police bus taking reinforcements to the area was stoned in one of the neighborhood's narrow streets. The bus windshield was destroyed but no one was injured.

Bomb Damages Bridge; 3 Soldiers Wounded
PY2812123988 Santiago EL MERCURIO in Spanish 19 Dec 88 pp 1, 6

[Excerpt] Coquimbo—The Camarones Bridge that crosses the Camarones Swamp, located at km 420 on Highway 5 North, was seriously damaged due to a powerful explosion caused by a device placed yesterday by unknown subversives.

Police have reported that three military members of the Rancagua Regiment based in Arica, who were traveling toward the north, were wounded when their vehicle was affected by the shock wave.

The wounded men are: Sub-Lieutenant Rodolfo Batellier Donoso, who is seriously wounded, and Corporals Cristian Correa and Aliro Alarcon San Martin. All of them are interned in the city hospital.

The device was consisted of 5 kg of AN-FO [ammonium-nitrate] and was placed against one of the concrete and steel bridge pillars.

The official report obtained by EL MERCURIO indicates that the first steps in the investigation have determined that the attack was directed at the bridge and that the three wounded militarymen were a bonus.

The explosion occurred at approximately 0445. It damaged one of the lanes and another pillar. [passage omitted]

New Navy Fleet Commander Assumes Post
PY2812143888 Santiago EL MERCURIO in Spanish 21 Dec 88 p C-2

[Summary] Yesterday at a ceremony held aboard the Chilean Navy flag ship, helicopter carrier destroyer "Blanco Escalada," Rear Admiral Claudio Aguayo Herrera assumed the post of Navy fleet commander. He replaced Rear Admiral Jorge Martinez Busch.

New Army Judge Advocate General Appointed
PY2812182988 Santiago Radio Chilena Network in Spanish 1600 GMT 28 Dec 88

[Text] President General Augusto Pinochet has just appointed military prosecutor Colonel Fernando Torres Silva as new Army judge advocate general. This information is just now being confirmed.

Army Commander Captain General Augusto Pinochet Ugarte has appointed Colonel Fernando Torres Silva as Army judge advocate general, precluding a promotion on the hierarchy scale now in force in the Army.

This information has just been released by the Army Public Relations Department in an official communique.

*** PCCh Spokesman on Electoral Strategy, Violence**
33480062b Santiago CAUCE in Spanish 14 Nov 88 pp 10-12

[Interview with Patricio Hales, spokesman for the Communist Party of Chile, by Victor Vaccaro; date and place not given]

[Excerpts] [Passage omitted] Hales (who was already a member of the Central Committee before 1973) described the recent attacks on Carabinero reserves, for which one of the factions of the Manuel Rodriguez Patriotic Front (FPMR) has claimed responsibility, as "an act of terrorism, a criminal action by provocateurs and thrill-seekers." Reports that he had been admonished took on more credibility when another public spokesman of the PCCh [Communist Party of Chile], Jose Sanfuentes, said at the cemetery while standing over Raul Pellegrin's coffin that the latter's behavior had been an example to follow. Patricio Hales emphatically denies that there was any kind of punishment, and in full exercise of his "spokesmanship," he stresses: "The PCCh has not called for an armed struggle, and before the development of the idea of the popular mass rebellion in 1980, it was futilely proposing the unity of the opposition."

[CAUCE] What does the idea of all forms of struggle include?

[Hales] Everything that serves to erode the dictatorship, that helps move us toward democracy, that shows a political perspective and that interprets the state of mind of the vast majority of Chileans. There are unarmed forms that encompass a tremendous violence in the confrontation with the regime, such as protests and strikes. That must be distinguished from armed actions, with or without victims.

[CAUCE] You called the Los Quenes assailants provocateurs and thrill-seekers.

[Hales] But I am frankly even harsher when I use the term criminal to describe the dictatorship's responsibility for generating the climate that has promoted violence in this country, and when I judge the murderers of Cecilia Magni and Raul Pellegrin, because that is part of the "license to kill" that the servants of the regime have exercised during these 15 years. Within this framework, my judgment with respect to the assault on the reserves is strictly political. In the party's opinion—and this is the key—these are not actions promoted by the PCCh. In the first place, I said that it has not had a hand in this, and in contrast, provocateurs may indeed have had a hand in it. This is an action that has not redounded to the benefit of the masses' struggle to move quickly toward democracy.

[CAUCE] But other spokesmen of the PCCh point to it as an example to follow.

[Hales] We have expressed our solidarity with all the victims of the dictatorship during this entire period. I accompanied the body of Christian Democrat Mario Martinez, and those of the communists, of the Movement of the Revolutionary Left (MIR), and I am willing to express solidarity with and accompany to the cemetery anyone in the FPMR who falls victim to the dictatorship.

[CAUCE] Isn't there a contradiction between your gesture and that of Sanfuentes or Rovira?

[Hales] There is no contradiction in terms of expressing solidarity with life, or in terms of any communist continuing to value the meaning of this youth's contribution to the struggle against the Somoza dictatorship in Nicaragua.

[CAUCE] Isn't Los Quenes a threat to the common opposition policy?

[Hales] Assuming that both participated in that action, it is a political error. But even so, I cannot fail to express my respect if they died struggling against this dictatorship.

[CAUCE] Doesn't this very attitude make you people more responsible than others for discouraging actions they consider misguided, which cost more lives?

[Hales] We are not responsible for violence. We are responsible for having raised awareness of the need to struggle, since the first day of the coup. This responsibility for rousing others' enthusiasm for the struggle gives us the moral authority to back up appropriate actions and political errors at certain times, and to be the conscience of such actions. Within the political context of today, we have enough responsibility to lead and to raise awareness of the need to adjust political behavior to the new situation. Hence the statements we have made calling this type of military action a political error.

[CAUCE] What would you say to those who persist in this political error?

[Hales] I would tell these Chileans who are striving and risking their lives to open the way for democracy that moral and emotional reasons are not enough to justify leaving the political framework that was set up for the great majority in this country. I would tell them that the triumph of the "no" movement has changed the political picture, opened up space, and facilitated the work to pave the way to democracy. This triumph was due to the great conscience of the Chilean people, and not necessarily to the presence of the armed component. [passage omitted]

[CAUCE] What has changed, in the view of the PCCh, since the opposition victory [in the plebiscite]?

[Hales] The first thing is that the people of Chile achieved a great victory, the results of 15 years of struggling and not 30 days of campaigning. I believe that a new political situation is opening up, in which it is necessary to develop the three factors in the triumph that I cited earlier, to turn the triumph of the "no" movement into the conquest of real democracy. It is time to strengthen our consciousness and unity, and to develop the mobilization.

[CAUCE] Do power outages, for example, raise the spirits of the masses?

[Hales] There are places where the outages are celebrated.

[CAUCE] And others where people retreat. Isn't it a matter of doing what the majority wants?

[Hales] We have drawn up a list of what we understand by mobilization, taking on the specific demands of the masses. The demand for democracy is very important, but we must also incorporate the struggle for an end to dismissals and reprisals, for the return of the Labor-Intensive Program (PIMO) and the Heads of Household Employment Program (POJH) and the end of the National Information Center (CNI); we must demand the release of political prisoners, the abolishment of torture, freedom for workers, the democratization of the mothers' centers, neighborhood boards, a moratorium on electricity and water bills, a solution to the mortgage indebtedness problem, the elimination of the mockery in the universities, and the cessation of the sectarian and abusive manipulation of the mass media, television in particular. I challenge the current interior minister to debate me face to face on TV on the concepts of liberty, violence, and peace.

[CAUCE] Is this a progression toward the national strike?

[Hales] We Communists are not the ones who decide on the national strike; it was the Sole Central Organization of Workers (CUT). That is among our proposals, because we regard it as a weapon that cannot be countered, one that must be used well and at the right time. The mobilization must develop the lively presence of the masses, as we saw on the 6th and 7th in the streets. We have not been able to sustain that enthusiasm here.

[CAUCE] Why did the United Left (IU) and the CUT bring out so few people?

[Hales] The mobilization must be linked to specific issues, or the convocation becomes over politicized. I am not criticizing the CUT or the IU. I am sure that if we are capable of working with the debtor committees, we will be able to carry out some extraordinary mobilizations.

[CAUCE] Is another form of struggle the creation of an instrumental party?

[Hales] Of course, that is a good form of struggle for paving the way to democracy.

[CAUCE] Why has people's repudiation turned into a willingness to participate now?

[Hales] Because of the new political context. This is a time when a great deal of subtlety is required in political behavior, because we are dealing with a power in crisis, but a military power. We must understand that in the armed forces, independently of our striving, there have been efforts to separate their conduct from General Pinochet's: The morning of 5 October they did not go out in a combat stance, but with an attitude of controlling a process that they were going to respect. As EL MERCURIO reported, it was the military that thwarted Pinochet's decision to announce that the "yes" vote had won when he knew it had been the "no" vote. The armed forces alone were not responsible for the outcome, but this was a gesture by them, and it has prompted them to separate their conduct from Pinochet's. The statements by other top commanders serve the same purpose. [passage omitted]

[CAUCE] Is the instrumental party [party coalition formed for a specific purpose] to become an electoral force?

[Hales] We support the instrumental party because we believe that the left needs a political party. We have not said that we will join in with candidates.

[CAUCE] Are you preparing to submerge?

[Hales] We are not going to submerge. We will do everything possible to facilitate the development of this party of the left that will open the way to democracy, as a function of the context and of each moment. It is not our policy to dissemble or to be secretive.

[CAUCE] Is the conversion of the IU into a party different from that of the Palma radicals, or that of the Almeyda Socialists?

[Hales] We understand the desires of the Socialist Party (PS) with respect to the unity of Socialism. What we are concerned about is the unified political expression of the Chilean left.

[CAUCE] How close to reality are the two Socialist parties?

[Hales] Our instrumental party is open to the entire left, including independents.

[CAUCE] The Party for Democracy (PPD) was open to letting the entire left join it.

[Hales] No, the PPD was never open to us. We were not invited.

[CAUCE] Maria Maluenda is a member of the PPD executive board. She was not invited; she just joined.

[Hales] From the pragmatic standpoint, we probably have differences with respect to our future position. It would be worth discussing them, as we believe that the pragmatic bases of the instrumental party will interpret the vast majority of the left.

[CAUCE] Are there two lefts, or are there sectors that have "moved away" from the left?

[Hales] The PPD contains important sectors of the Chilean left.

[CAUCE] Are you willing to enter into a democratic agreement with the right?

[Hales] We are willing to seek out all agreements that are necessary to make way for a democratic regime. We believe that the principal objective is to do away with the dictatorship. In politics, agreements are measured by their specific proposals. We are willing to reach agreements with whoever is necessary in order to make way for democracy. We are even willing to engage in dialogue with the armed forces that carried out the coup. I don't think National Renovation has developed any gesture that would help pave the way for democracy. If they undergo a turnaround, we are willing to listen to them. We are willing to reach an agreement with repentant coup supporters, if necessary, in order to put an end to the Pinochet government. I agree with Shevardnaze when he says that the permanent values of humanity take priority over class values. The value of democracy and of the defense of man in Chile takes priority over partisan interests.

[CAUCE] Are you willing to support a single opposition candidate?

[Hales] Why not? The minimum requirement is that he have a democratic record and a history of opposing the dictatorship. If they tell me that Jarpa has repented and we must vote for him, we will not get involved in that. The main thing we accomplished in the plebiscite is that a climate of mobilization was created. It was so strong that it influenced the military's decision to recognize the triumph. The opposition achieved a major success in that. If the kind of consciousness, unity, and mobilization that we achieved for the triumph of the "no" vote can be developed further, we can thwart the regime's plans.

Colombia

M-19 Announces Summit; Seeks 'Direct Dialogue'

PA2912023788 Bogota LA PRENSA in Spanish 19 Dec 88 p 11

[Article by Carlos Gomez]

[Text] The M-19 subversive group might reach an agreement with the government within 6 months to demobilize its forces throughout the country, cease its clandestine activities, and legally participate in politics.

This information was revealed this weekend during a forum at the Cauca Department Assembly in Popayan. The event was attended by representatives from Valle and Cauca Departments, deputies, Indian associations'

representatives, the ANUC [National Association of Rural Land Users], and Senators Ricardo Villa and Humberto Pelaez Gutierrez.

M-19 representatives were expected to participate in the forum, which was originally scheduled to take place in Santander de Quilichao. However, reports from that town reveal that the M-19's representatives could not arrive on time due to the military measures being carried out in Cauca Department against the M-19 front that operates in the region.

It was revealed at the forum that there is a split within the M-19 concerning the mechanism to be adopted for the group's effective participation in the peace process.

One M-19 group believes that they should meet directly with the government. Another group believes that the peace process should be based on regional dialogues.

Senator Ricardo Villa said "the conditions have been set for a direct dialogue between the government and the M-19, and it is actually taking place."

Meanwhile, the M-19 has plans to hold "a top-level summit" in Cauca Department, and the event will be attended by all the groups that comprise the guerrilla organization. The M-19 will discuss all the strategies that will be used to demobilize its forces and to plan its return to civilian life. Carlos Pizarro will preside over the event, which will be attended by all the commanders of the subversive group's guerrilla fronts.

Also, the contents of an open letter written in very ornate language by Carlos Pizarro Leongomez, the number one man in the M-19, were revealed yesterday.

Pizarro says in his message that he is willing to participate in a direct dialogue with the government if conditions are set that will assure some degree of success for the effort. According to Pizarro, the decision is now in the government's hands.

Writing on behalf of the M-19, Pizarro asked the people attending the Cauca forum to become the organization's spokesmen and to promote the peace agreements throughout the nation.

He said that the government must bear in mind the crimes perpetrated in Segovia, Mejor Esquina, Cesar, and Meta and also the deaths of several Patriotic Union leaders, policemen, soldiers, and guerrilla fighters. Pizarro added that the state of violence cannot continue, so it is necessary to create the appropriate atmosphere for a direct dialogue and the achievement of peace.

Meanwhile, it was reported that 4 kg of unprocessed poppy paste were seized at a roadblock between Cali and Popayan during the operations carried out by the Army to prevent disturbances in Valle and Cauca Departments.

Officials Comment on Clashes With M-19

PA2812214388 Bogota Inravision Television Cadena 2 in Spanish 0000 GMT 28 Dec 88

[Report by Ana Fernanda Martinez and Hernando Corral; passages within quotation marks recorded]

[Text] Cauca Department is considered the most appropriate place to reach a peace agreement, especially with the M-19 guerrillas. The government has announced that it has had contact with this group, but despite this, a noncommissioned officer and three M-19 guerrillas were killed in clashes last weekend and six soldiers were wounded. General Manuel Jose Bonet, the 3d Brigade's new commander, has stated emphatically that the Army will continue its operations as long as a peace agreement has not been reached.

[Bonet] "The guerrillas' current actions do not demonstrate their desire for a truce. We were patrolling in the Jambalo area when the guerrillas opened fire and killed a corporal, who unfortunately is being buried today in Popayan. We found a large amount of dynamite, explosives, and ammunition, and a several subversive plans. We do not really believe that the guerrillas desire a truce."

Meanwhile, Rafael Pardo, presidential adviser for peace and rehabilitation, said that he hoped the incident would not ruin the positive relations with the M-19 and that progress would be made in the peace talks.

[Pardo] "The government believes that conditions are right [for talks]. This incident can be explained if we take into account that all guerrilla groups operate in Cauca Department: the FARC, the ELN [Army of National Liberation], the EPL [Popular Liberation Army], the Quintin Lame Commando Unit, and the M-19."

* Reporter Describes Visit to M-19 Camp

33480070 Bogota EL TIEMPO in Spanish 3 Dec 88 p 3-A

[Article by Armando Neira G.; first paragraph is EL TIEMPO introduction: "We're on the Road to Legality: M-19"]

[Excerpts] Its militants say, "The war has gotten out of control. It is necessary to call a halt and look instead for a political solution to the conflict. We have confidence in General Guerrero Paz, minister of defense."

The jeep bumps along the narrow roadway which threads through the Cauca mountains.

A young man of 18 carrying a gun appears from the depths of the lush countryside. The driver brakes and asks, "What's going on?" The young man replies, "Nothing special, comrade. Are you going up?"

"Yes," the guide replies, without giving any explanation. "Okay, then good luck," and the young man moves back so that the jeep can continue up the road. [passage omitted]

There are shouts in support of the players in the women's soccer game between the guerrillas and the town with the latter winning 2 to 1. "The town's players definitely are always better kickers than any of us," one of the guerrillas says.

That statement was confirmed by an official from the guerrilla movement who adds: "Let this be our guide. Now the country is saying that the war is leading us into an abyss, and we cannot let that happen. It is urgent that we change things and seek the better alternative, which is dialogue."

Above the soccer field, just 150 meters from the road, is a major camp of the 19 April Movement, or M-19.

EL TIEMPO went there to become better acquainted with the ideas of a group which at one time used violence to corner the government and is now asking for dialogue to attain peace.

"This is dangerous," said a guerrilla with the rank of major. "In a matter of minutes we could be killed. But, we are prepared to put our lives on the line to give irrefutable proof that we are not playing games."

"We want dialogue and in order to have it, we cannot live in remote parts of the country. Here we are in an area where everyone can come with their proposals."

And he is right. The camp is located barely 2 hours from the third-largest city in the country (Cali) on a small plateau surrounded by mountains. From any one of these mountains, one could fire a mortar round which would surely end many lives.

Farewell to Arms?

One guerrilla, after a few seconds of reflection, says that he has confidence in the peace agreement with the armed forces as long as it is reciprocal.

He further says, "If a general from the armed forces would come here in peace, personally I would give him a situation report because he is my superior and basically we are both part of Bolivar's army".

Now he turns to look toward the yard of this rustic house, which he calls the "weapons yard." It is there that hundreds of young men receive intensive physical training. The majority of them do not have weapons, and those who do show their Galil and G-3 rifles as well as several pistols which they constantly look after with care.

The young men dress in jeans, T-shirts, and jackets and wear field boots. Few of them have military uniforms and few wear the traditional bandanna with the movement's colors.

Nor for that matter is the red, white and blue flag hoisted when visitors are received. Now we are talking on a seat covered with red flowers.

You get the feeling that M-19, which is perhaps one of the most widely known guerrilla groups in Latin America, would like to give a definite farewell to arms, but without acknowledging that it is militarily defeated. And without acknowledging that after the Alvaro Gomez kidnapping, the group fell apart at the seams. Many militants were displeased with the fact that the Social Conservative leader was freed alive.

Many also prefer to remain quiet regarding their current political and military situation which, for many, puts them in second place within the Simon Bolivar Guerrilla Coordinator.

They say that they are changing course. Especially, [they are] at a stage where "the war has gotten out of control both of the extreme right and, to be frank about it, of the extreme left."

One of them adds, for example, that they can mount a military operation, kill one general and then another one. "But there will always be one left to fight and it is absurd to prolong this situation."

Others say openly that no one can question that "M-19 can militarily challenge the enemy," but now things are different and they want a confrontation in the political arena.

The result is that they agree with the ideas of the defense minister, General Manuel Jaime Guerrero Paz, in the sense that the solution should be complete and not military.

"We have confidence that the minister of defense knows how to lead the armed forces, not only in regards to confrontations, but also adding the alternatives of dialogue and agreement so that these alternatives are not meaningless and so that actions of previous governments are not repeated," states the organization's supreme commander, Carlos Pizarro Leon-Gomez.

He is seconded by the camp commander, German Rojas Nino, one of the founders of M-19, who once carried out an operation that was viewed as crazy by his comrades: landing a plane in the Caqueta River with several tons of weapons.

This is now a part of history. Their current problems are of a different dimension. Now they must solve the problem of dehydration among the children of the region, talk to all groups in the department to verify compliance with the truce, and invite the country's leaders in order to explain the movement's new course.

Rojas Nino, for his part, states that if "the desire grows to form a block which opposes the war, for the betterment of the country we would be prepared to join this group."

Rojas Nino explains his proposals and orders lunch to be served. It is "sancocho" [stew] and the cook says, "Let the country know that here there is enough for everyone."

Ecuador

Finance Minister Presents 1989 Budget to Borja

PA2812234988 Quito Radio Quito in Spanish 2300 GMT 27 Dec 88

[Text] Finance and Public Credit Minister Jorge Gallardo delivered the 1989 general budget to President Rodrigo Borja. Gallardo said that the budget (?is practically) financed and amounts to 703 billion sucres. He emphasized that this budget is an austerity budget that was drafted with the program for economic stabilization in mind.

[Begin Gallardo recording] Today, the chairman of the Congress' Fiscal, Budgetary, and Economic Commission and I delivered the 1989 budget to the president. This budget amounts to 703 billion sucres, a figure that had been presented in draft form to the National Congress. I must mention that this budget [words indistinct] is an austerity budget, a crisis budget. It is a budget that is in line with the program for economic stabilization. It is not a budget that exceeds the treasury's resources, which are needed to take care of the country's most pressing needs. In this regard, it must be mentioned that, traditionally, the [words indistinct] the foreign debt amounted to 13 or 14 percent in previous years, but this budget shows a foreign debt payment reduction to 9.2 percent of the real revenues the government will receive in 1989. [end recording]

5 Army Officers Promoted to Brigadier General

PA2912041588 Quito EL COMERCIO in Spanish 21 Dec 88 p A-1

[Text] Five high-ranking Army officers were promoted yesterday to the rank of Brigadier General. They are: Gustavo Canizares Enriquez, Juan Francisco Donoso Game, Carlomagno Andrade Paredes, Edmundo Luna Cordova, and Victor Bayas Garcia.

Suriname

Brunswijk Attacks Albina Barracks, Military Post

FL2812225888 Paramaribo International Service in English 1730 GMT 28 Dec 88

[Text] The barracks at Albina and the military post at (Mongotapoe) were attacked by terrorists yesterday.

Commander Badresseein Sital of the military authority said that the National Army was taken by surprise by the unexpected action of the Brunswijk Gang.

Sital said that an unknown airplane [words indistinct] of the area after which the attack was launched. According to Sital, the [word indistinct] is not the one hijacked last week Thursday. He said that it's a smaller aircraft.

The army, more than anybody, wants peace and hopes that this [word indistinct] discouraging action of the terrorists. Efforts will continue to achieve this, said Sital.

The government is questioning the hijacking of the plane and the attack on the military camp on the east of the country [words indistinct].

The fact that [name indistinct] asked to exchange the hijacked plane for a smaller one supports the view that separate (?teams) are not operating in the interior but one under the command of Brunswijk.

The government is discussing the latest development.

Scattered Fighting Reported

FL2812140988 Bonaire Trans World Radio in English 1130 GMT 28 Dec 88

[Text] Officials in Suriname say there has been scattered fighting between rebels and army troops in the eastern part of the country during the past 2 days.

The clashes occurred near Albina where gunmen in a plane flew over the town shooting at soldiers. There has also been fighting in the town of (Mongotapce), the birthplace of rebel leader Ronnie Brunswijk. There was no word on casualties in either clash.

Armed Men Hijack Plane in Sipaliwini

FL2312212688 Paramaribo International Service in English 1730 GMT 23 Dec 88

[Text] An airplane of the airline company Gum Air has been hijacked yesterday at (Njoeng Jacobkondre) in the Sipaliwini District by three armed men. The plane, with only the pilot on board, flew to the village to pick up passengers for transportation to Paramaribo, the capital of Suriname. (Njoeng Jacobkondre) is situated approximately 100 km southwest of Paramaribo.

The plane was expected to arrive at its destination at about half past three, yesterday afternoon. Shortly before landing, the contact with the pilot was cut off.

According to Gum Air Director (Comus) the communication with pilot (Aron Slod) was not reestablished until this morning. He was given the opportunity, by the hijackers, to report the hijacking. The pilot also said that he is in good health. (Comus) noted that the contact was very short.

The Surinamese authorities have been informed about the hijack, said (Comus). This morning our newsroom was unable to get a comment on the matter from the aviation service.

Military Police Detain Netherlands Charge

FL2412145488 Bonaire Trans World Radio in English 1300 GMT 24 Dec 88

[Text] The Dutch charge d'affaires in Suriname was detained by military police for 3 hours yesterday. This was because he was walking in Paramaribo without proper identification during a routine ID check.

Military police require all Surinamese and foreigners to carry identification.

Dutch Embassy officials have not commented on the incident.

'Bridge-Over' Aid From Netherlands Planned

FL2112204088 Paramaribo International Service in English 1730 GMT 21 Dec 88

[Text] Suriname has completely [word indistinct] the bridge-over aid over 1988. The [word indistinct] has meanwhile been approved by the Dutch Government.

The over 60 million Dutch guilders payable will be used for the import of raw materials, working materials, and spare parts for the local industry. Also with the [word indistinct] small scale projects will be financed with the bridge-over aid. The goods will be purchased through the Dutch Purchasing Bureau.

The bridge-over aid is one of the reasons for the restored cooperation relations between Suriname and Holland. It's the so-called transition before the actual (?terms) from the development treaty of 1975 will be made available.

Case Against Human Rights Activist Dropped

FL2312152188 Bonaire Trans World Radio in English 1130 GMT 23 Dec 88

[Text] The Surinamese public prosecutor has dropped the case against human rights activist Stanley Rensch.

Mr Rensch was arrested on December 10th after captured rebels in Suriname testified that he had ties with the rebel forces.

However, Mr Rensch was freed Wednesday and on Thursday, the public prosecutor said there was not enough evidence to prosecute him.